ANGLO SWISS RESOURCES INC
Form 20-F
June 29, 2009

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 20-F

ANNUAL REPORT

£

REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR (g) OF THE SECURITIES EXCHANGE ACT OF 1934

OR.

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ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal period ended **December 31, 2008**

OR

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TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT 1934
For the transition period from _____ to_____

OR

£

SHELL COMPANY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT 1934
(Date of event requiring this shell company report)

For the transition period from _____ to_____

Commission File Number 0-8797

ANGLO SWISS RESOURCES INC.
(Exact name of Registrant as specified in its charter)

Province of British Columbia, Canada
(Jurisdiction of incorporation or organization)

837 West Hastings Street, Suite 309, Vancouver, British Columbia, Canada V6C 3N6
(Address of principal executive offices)

Page 1 of 90 Pages
The Exhibit Index is located on Page 88

Securities registered or to be registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
None	Not Applicable

Securities registered or to be registered pursuant to Section 12(b) of the Act:

Common Shares Without Par Value

(Title of Class)

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act:

None
(Title of Class)

Indicate the number of outstanding shares of each of the issuer s classes of capital or common stock as of the close of the period covered by the annual report.

Title of Class	Issued and Outstanding as of December 31, 2007
Common Shares Without Par Value	107,932,837

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.
Yes X

No ___

Indicate by check mark whether the Company is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of accelerated filer and large accelerated filer in Rule 12b-2 of the Exchange Act. (Check One)

Large accelerated filer ____

Accelerated filer ____

Non-accelerated filer X

Indicate by check mark which financial statement item the registrant has elected to follow.

Item 17 X Item 18

If this is an annual report, indicate by check mark whether the Company is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes ____ No X

(APPLICABLE ONLY TO ISSUERS INVOLVED IN BANKRUPTCY PROCEEDINGS DURING THE PAST FIVE YEARS)

Indicate by check mark whether the Company has filed all documents and reports required to be filed by Sections 12, 13 or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court.

Yes ____ No ____ Not Applicable X

This information set forth in this Form 20-F Annual Report is as at December 31, 2008 unless an earlier or later date is indicated.

References to Anglo Swiss Resources Inc. and the Company in this Form 20-F Annual Report include any of its subsidiaries except to the extent the context requires otherwise.

Financial information is presented in accordance with accounting principles generally accepted in Canada. The major measurement differences between accounting principles generally accepted in Canada and in the United States, as applicable to the Company, are set forth in Item 5 of this Annual Report and in Note 11 to the accompanying Financial Statements of the Company.

FORWARD-LOOKING STATEMENTS

This Annual Report contains forward-looking statements and information relating to the Company that are based on the beliefs of its management as well as assumptions made by and information available to Anglo Swiss. When used in this document the words, anticipate , believe , and expect and similar expressions, as they relate to the Company or its management, are intended to identify forward-looking statements.

This Annual Report contains forward-looking statements relating to, among other things, regulatory compliance, the sufficiency of current working capital, the estimated cost and availability of funding for the continued exploration and development of the Company s exploration properties. Many factors could cause the actual results, performance or achievements of Anglo Swiss to be materially different from any future results, performance or achievements be expressed or implied by such forward-looking statements. Important factors are identified in this Annual Report and the attached financial statements.

Statements in this Annual Report regarding expected completion dates of feasibility studies, anticipated commencement dates of mining or metal production operations, projected quantities of future metal production and anticipated production rates, operating efficiencies, costs and expenditures are forward-looking statements. Actual results could differ materially depending upon the availability of materials, equipment, required permits or approvals and financing, the occurrence of unusual weather or operating conditions, the accuracy of reserve estimates, lower than expected ore grades or the failure of equipment or processes to operate in accordance with specifications. See Item 3.D Key Information Risk Factors for other factors that may affect the Company s future financial performance.

Critical Accounting Estimates

A summary of all the Company s significant accounting policies is included in Note 2 to the annual financial statements for the year ended December 31, 2008.

Management is required to make assumptions and estimates that affect the valuation of its mineral properties. The carrying value of each property in the exploration or development stage is evaluated as to the project economics, including the timing of the exploration and/or development work, the work programs and the exploration results experienced by the Company or others. The review of the carrying value of each producing property is made by reference to the estimated future operating results and net cash flows. When the carrying value of a property exceeds its estimated net recoverable amount, provision is made for the decline in value.

Acquisition costs of mineral properties and development expenditures thereon are capitalized. Costs incurred for general explorations that do not result in the acquisition of mineral properties with ongoing exploration or development potential are charged to operations. Costs relating to properties abandoned are written off when such decision is made. When production is attained, the capitalized costs will be amortized using the unit of production method based upon estimated proven and probable recoverable reserves.

Future income tax assets and liabilities are computed based on differences between the carrying amount of assets and liabilities on the balance sheet and their corresponding tax values, using the enacted or substantively enacted, as applicable, income tax rates at each balance sheet date. Future income tax assets also result from unused loss carry forwards and other deductions. The valuation of future income tax assets is reviewed annually and adjusted, if necessary, by use of a valuation allowance to reflect the estimated realizable amount.

The Company follows the provisions of CIC Handbook Section 3870, which requires the fair value based method to be used for all stock-based awards. As a result, the Company is required to expense stock option benefits issued to employees and directors based on their vesting provisions. Accordingly, the fair value of the options at the date of the grant is determined using the Black-Scholes option pricing model and stock-based compensation is accrued and charged to operations, with an offsetting credit to options, on a straight-line basis over the vesting periods. The fair value of stock options granted to non-employees is re-measured at the earlier of each financial reporting or vesting date, and any adjustment is charged or credited to operations upon re-measurement. Option pricing models require the input of highly subjective assumptions regarding the expected volatility. Changes in assumptions can materially affect the fair value estimate, and therefore, the existing models do not necessarily provide a reliable measure of the fair value of the Company s stock options at the date of the grant or thereafter.

CURRENCY TRANSLATIONS

In this Form 20-F Annual Report, unless otherwise specified, all monetary amounts are expressed in Canadian dollars. See Item 3.A Key Information - Selected Financial Data for a summary of key exchange rates.

SECURITIES AND EXCHANGE COMMISSION

FORM 20-F FOR ANGLO SWISS RESOURCES INC.

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GLOSSARY OF TERMS

The following glossary, which is not exhaustive, should be used only as an adjunct to a thorough reading of the entire document of which it forms a part.

alluvial: A term used to identify particular types of, or minerals found associated with, deposits made by flowing water, such as alluvial gold.

alluvial diamonds: diamonds found in river sediments.

Arrangement: The arrangement under the Company Act, among the Company and the ASII shareholders and ASII and more particularly described under **Item 4.A Information of the Company History and Development of the Company**.

ASIHI: Anglo Swiss International Holdings Inc., a wholly-owned subsidiary of the Company, incorporated under the laws of the Cayman Islands.

ASII: Anglo Swiss Industries Inc., a company incorporated under the Company Act under the name 68063 B.C. Ltd. .

ASII Common Shares: The common shares without par value in the capital of ASII.

bedrock: the solid rock under deposits of gravels, sands, soil and silt.

beryl: A beryllium-aluminium silicate. Used as a gem when clear and well coloured. The grass green variety is known as emerald; light green, beryl; blue-green, aquamarine.

Blu Starr Joint Participation Agreement: The Agreement dated May 1, 2000 between the Company and Hampton Court Resources Inc., respecting the Blu Starr Property, including amendments thereto. Agreement expired on April 30, 2003.

Board of Directors: The board of directors of the Company as elected or appointed from time to time. Also sometimes referred to as the Board .

breccia: A fragmental rock; any rock formation essentially composed of uncemented, or loosely consolidated, small angular-shaped fragments.

Canadamin S.A.: Compania Minera Canadamin S.A., a company incorporated under the laws of Ecuador, all of whose issued and outstanding shares are held by ASIHI.

Canadian GAAP: Canadian generally accepted accounting principles.

carat: A unit employed in weighing diamonds and gemstones. The international metric carat (M.C.) of 200 milligrams is the standard.

carbonatite: A sulfide of copper and iron.

Catamayo Joint Participation Agreement: The Agreement dated May 1, 2000 between the Company and Hampton Court Resources Inc. respecting the Catamayo River Property.

chalcopyrite: A sulfide of copper and iron.

Company: Anglo Swiss Resources Inc., a company continued under the Company Act.

Company Act: The *Company Act* (British Columbia) R.S.B.C. 1996, c.62, as amended from time to time.

Company Class A Preferred: The Class A preferred shares without par value in the capital of the Company.

Company Class B Preferred: The Class B preferred shares without par value in the capital of the Company.

Company Class C Preferred: The Class C preferred shares without par value in the capital of the Company.

Company Common Shares: The common shares without par value in the capital of the Company.

concession: A form of entitlement under Ecuadorian law to either explore and develop a given area for minerals or to exploit or mine such area.

corundum: An aluminium oxide, $A1_20_3$ occurring commonly as an accessory mineral in the metamorphic rocks, such as crystal-line limestone mica-schist, gneiss. The coloured and clear varieties form the gems sapphire, ruby, oriental emerald and oriental topaz.

deposit: A coherent geological body such as a mineralized body.

diamondiferous: Containing diamonds.

Director: A director of the Company as elected or appointed from time to time.

Dissenting Shareholders: ASII shareholders who validly exercised the rights of dissent provided to them in respect of the 409556 Sale or the Arrangement and receive fair value for their ASII common shares of ASII in accordance with Section 207 of the Company Act in respect of the 409556 Sale or with the Section 207 of the Company Act in respect of the Arrangement.

dome: A mountain having a smoothly rounded summit of rock that resembles the cupola or dome on a building.

doré bars: An unrefined gold and silver bar consisting of approximately 90% precious metals that would be further refined to almost pure precious metals.

electromagnetic survey (or EM survey): A survey of the conductive properties of rocks. Grade: (to contain a particular) quantity of ore or mineral relative to other constituents, in a specified quantity of rock.

epithermal: Applied to hydrothermal deposits formed at low temperature and pressure.

Exchange Act: The United States *Securities Exchange Act of 1934*, as amended from time to time.

fault: A fracture or a fracture zone along which there has been displacement of the two sides relative to one another parallel to the fracture. The displacement may be a few inches or many miles.

fluorite: A natural calcium flouride, occurring in veins either alone or with metallic ores.

fracture: The general term to include any kind of discontinuity in a body of rock if produced by mechanical process such as shear stress or tensile stress, but not attended by movement on one side or the other.

garnet: A group of silicate minerals including several species with related chemical structure. Several principal garnets include almandine (iron aluminum) abrasive and gem, precious garnet and pyrope (manganese aluminum).

gemstone: A term that includes pearl, amber, coral, jet, or any stone of any variety of a gem mineral which is of sufficient beauty and durability for use as a personal ornament.

graphite: A allotropic form of carbon found in nature, molecular weight, 12.01; black, dark grey or steel grey; specific gravity 1.9 to 2.3; Mohs hardness 1 to 2.

hectare: A metric unit of land measure equal to 10,000 square metres or 2.471 acres.

iolite: A gem variety of the mineral codierite; a silicate of magnesium and aluminum, found as an accessory mineral in granite, gneiss, schists and in contact metamorphic zones. Color is different shades of blue, Mohs hardness 7 to 7.5, transparent to translucent.

kimberlite: An igneous rock of mantle origin occurring in intrusive breccia pipes, which is sometimes diamond bearing.

kyanite: A natural silicate of aluminum, found in metamorphic rocks.

mantle: The ultramafic layer of the earth beneath the crust.

mineral: An inorganic substance having usually a definite chemical composition and, if formed under favourable conditions, having a certain characteristic atomic structure which is expressed in its crystalline form and other physical properties.

mineral claim: The portion of mining ground held under law by a claimant.

mineral resource: In-situ mineral occurrence from which valuable or useful minerals may be recovered.

mineralization: Implication that the rocks contain sulphide minerals and that these could be related to ore.

Option Joint Venture Agreement: That agreement dated February 10, 1995 between 409556 and Teck Corp. respecting the Kenville Mine Property.

ore: That part of a mineral deposit which could be economically and legally extracted.

overburden: Material that overlies bedrock.

pipe: A roughly funnel-shaped, approximately vertical extrusion of volcanic breccia and kimberlite that may or may not contain diamonds.

placer: A place where gold is obtained **by** washing; an alluvial or glacial deposit, as of sand or gravel, containing particles of gold or other valuable minerals including gemstones.

Post-Arrangement Transactions: Post-Arrangement Transactions means those transactions that were undertaken immediately after the Arrangement and more particularly described under **Item 4.A Information of the Company History and Development of the Company.**

Pre-Arrangement Transactions: Pre-Arrangement Transactions means those transactions that were undertaken immediately before the Arrangement and more particularly described under **Item 4.A Information of the Company History and Development of the Company.**

prospect: Mineral occurrence with the potential for an economic deposit.

quality: the degree of excellence of a diamond, measured by its weight, colour, purity or clarity and its perfection of proportions and finish.

Reorganization: The Pre-Arrangement Transactions, the Arrangement and the Post-Arrangement Transactions.

reserve: That part of a mineral deposit which could be economically and legally extracted or produced at the time of the reserve determination.

ruby: Red transparent corundum ($A1_20_3$) colour being due to traces of sufficient chromium. Mohs hardness 8-9, specific gravity of 4.

sapphire: Most commonly blue transparent corundum (A12O3) colour being due to traces of cobalt, chromium, titanium: Mohs hardness 8-9, specific gravity of 4.

sediment: unconsolidated material, both mineral and organic, that has come to rest on, or is being transported over, the earth's surface by water, wind or ice.

short ton: A weight of 2,000 pounds. Also sometimes referred to as a ton .

strike: The direction, that is, the course or bearing of a vein or rock formation measured on a horizontal surface.

Teck Corp.: Teck Corporation, a Canadian-based, international mining company.

terrace: An alluvial deposit on a flat area of a river or former riverbank. Also known as a bench placer.

ton: See the definition of short ton .

tonne: A weight of 2,200 pounds. Also sometimes referred to as a metric tonne .

tourmaline: A complex aluminum silicate of hexagonal crystallization containing boron and other elements.

ultramafic: Igneous rocks of mantle origin with low silica contents.

U.S. GAAP: United States generally accepted accounting principles.

vein: A zone or belt of mineralized rock lying within boundaries clearly separating it from neighbouring rock. A mineralized zone has, more or less, a regular development in length, width and depth to give it a tabular form and is commonly inclined at a considerable angle to the horizontal. The term lode is commonly used synonymously for vein.

volcanic: Descriptive of rocks originating from volcanic activity.

409556: 409556 B.C. Ltd., previously a wholly-owned subsidiary of the Company which has been now wound-up.

409556 Sale: The sale of all of the issued and outstanding shares of 409556 by ASII to the Company, and forming part of the Pre-Arrangement Transactions.

PART I

ITEM 1.

IDENTITY OF DIRECTORS, SENIOR MANAGEMENT AND ADVISORS

This Form 20-F is being filed as an annual report under the Exchange Act and, as such, there is no requirement to provide any information in regards to the identity of the Directors, Senior Management and Advisors of the Company under this Item.

The Company has appointed DeVisser Gray, Chartered Accountants (DVG) to replace PricewaterhouseCoopers, LPP, Chartered Accountants (PWC) to act as their auditors effective Feb. 21, 2007 for the fiscal years ended December 31, 2006 and 2007. DVG has offices at 905 West Pender Street, Suite 401, Vancouver, British Columbia, V6C 1L6.

The Company and PWC were unaware of any reservations contained in the auditor s reporting with respect to the Company s financial statements for the year ended December 31, 2005. Both the former and successor auditor have agreed to the statements in the Change of Auditor notice dated January 26, 2007 and filed electronically with SEDAR.

DVG are appointed annually by the shareholders to conduct an audit in accordance with auditing standards generally accepted in Canada and the PCAOB.

ITEM 2.

OFFER STATISTICS AND EXPECTED TIMETABLE

This Form 20-F is being filed as an annual report under the Exchange Act and, as such, there is no requirement to provide any information under this Item.

ITEM 3.

KEY INFORMATION

A.

Selected Financial Data

The following table summarizes selected financial data for the Company (stated in Canadian dollars) prepared in accordance with Canadian GAAP. The Reorganization, effective November 28, 1997, resulted in the Company, a former subsidiary of ASII, becoming the parent company and ASII and its other subsidiaries become the subsidiaries of the Company. This transaction was a reorganization of existing companies and had no impact on the financial statements except for authorized capital of the Company which is now 900,000,000 shares. The information in the tables was extracted from the more detailed financial statements and related notes included herein and should be read in conjunction with these financial statements and with the information appearing under **ITEM 5. Operating and**

Financial Review and Prospects. Results for the period ended December 31, 2008 are not necessarily indicative of results for future periods.

Selected Financial Data Prepared in accordance with Canadian GAAP

Item	**Dec. 31/2008**	**Dec. 31/2007**	**Dec. 31/2006**	**Dec. 31/2005**	**Dec. 31/2004**
(a)	$78,639	$13,503	$4,172	$874	$1,005
Interest income					
(b)	$(2,026,467)	$(2,357,792)	$(687,461)	$(482,478)	$(427,123)
Net earnings (loss)					

(c)	$(0.01)	$(0.03)	$(0.01)	$(0.01)	$(0.01)
Net earnings (loss) per common share					
(d)	$9,555,031	$9,717,623	$5,436,393	$5,453,577	3,959,764
Total assets					
(e)	NIL	NIL	NIL	NIL	NIL
Total long-term debt					
(f)	$8,749,967	$9,182,444	$4,885,094	$4,985,299	$3,645,071
Net Assets					
(g)	$18,451,320	$18,866,832	$13,314,402	$13,216,707	$11,545,745
Capital Stock					
(h)	107,932,837	100,422,837	69,252,688	67,402,688	50,005,688
No. of Common Shares					

Note 11 of the financial statements of the Company included herein sets forth the differences were such information to be presented in accordance with U.S. GAAP.

Selected Financial Data Prepared in accordance with U.S. GAAP

Item	**Dec. 31/2008**	**Dec. 31/2007**	**Dec. 31/2006**	**Dec. 31/2005**	**Dec. 31/2004**
(a)	$78,639	$13,503	$4,172	$874	$1,005
Interest income					
(b)	$(4,189,310)	$(2,591,843)	$(1,197,852)	$(1,534,161)	$(380,289)

Net earnings (loss) (c)	$(0.04)	$(0.03)	$(0.02)	$(0.03)	$(0.01)
Net earnings (loss) per common share (d)	$1,757,767	$5,131,176	$1,112,999	$1,640,574	$1,198,444
Total assets (e)	NIL	NIL	NIL	NIL	NIL
Total long-term debt[(1)]					

(f)	$952,703	$4,595,997	$561,700	$1,172,296	$883,751
Net Assets (g)	$18,451,320	$18,866,832	$13,314,402	$13,216,707	$11,545,745
Capital Stock (h)	107,932,837	100,422,837	69,252,688	67,402,688	50,005,688
No. of Common Shares					

The Company has not declared or paid any dividends in any of its last five financial years.

In this Annual Report on Form 20-F, unless otherwise specified, all monetary amounts are expressed in Canadian Dollars. On June 19, 2009 the exchange rate, based on the noon buying rate published by the Bank of Canada, for the conversion of United States dollars into Canadian dollars (the Noon Rate of Exchange) was $0.8860 (US $1.00 = CDN $1.1287).

The following table sets out the high and low exchange rates exchange rates for each of the last six months.

	May 2009	**April 2009**	**March 2009**	**February 2009**	**January 2009**	**December 2008**
High for Period	1.1872	1.2384	1.3000	1.2707	1.2741	1.2969
Low for Period	1.0961	1.1940	1.2245	0.2098	1.1823	1.1965

The following table sets out the average exchange rates for the five most recent financial years calculated by using the average of the Noon Rate of Exchange on the last day of each month during the period.

	2008	**2007**	**2006**	**2005**	**2004**
Average for the period	1.0670	1.0748	1.1319	1.2135	1.3149

B.

Capitalization and Indebtedness

This Form 20-F is being filed as an annual report under the Exchange Act and, as such, there is no requirement to provide any information under this Item.

C.

Reasons For The Offer and Use of Proceeds

This Form 20-F is being filed as an annual report under the Exchange Act and, as such, there is no requirement to provide any information under this Item.

D.

Risk Factors

The following is a brief discussion of those distinctive or special characteristics of the Company s operations and industry, which may have a material impact on, or constitute risk factors in respect of, the Company s future financial performance.

Exploration and Development Risks

The Company is engaged in the business of acquiring and exploring mineral properties in the expectation of locating mineral reserves. The Company s property interests are in the exploration stage only and are without a known body of commercial ore. Accordingly, there is little likelihood that the Company will realize any profits in the short to medium term. Any profitability in the future from the Company s business will be dependent upon locating mineral reserves, which itself is subject to numerous risk factors.

The business of exploring for minerals and mining involves a high degree of risk. Few properties that are explored are ultimately developed into producing, profitable mines. In developing its mineral deposits, the Company will be subjected to an array of complex economic factors and accordingly there is no assurance that a positive feasibility study or any projected results contained in a feasibility study of a mineral deposit will be attained.

Technical considerations, delays in obtaining governmental approvals, inability to obtain financing or other factors could cause delays in developing properties. Such delays could materially adversely affect the financial performance of the Company.

The business of mining is subject to a variety of risks such as cave-ins and other accidents, flooding, environmental hazards, the discharge of toxic chemicals and other hazards. Such occurrences may delay production, increase production costs or result in liability. The Company may have insurance in amounts that it considers to be adequate to protect itself against certain risks of mining and processing. However, the Company may become subject to liability for hazards against which it cannot insure itself or which it may elect not to insure against because of premium costs or other reasons. In particular, the Company is not insured for environmental liability or earthquake damage.

Title Matters

While the Company believes title to all of its properties is in good standing, this should not be construed as a guarantee of title. Other parties (including indigenous landowners) may dispute title to the mining properties in which the Company has an interest or the right to acquire an interest. The properties may be subject to prior unregistered agreements or transfer or land claims and title may be affected by undetected defects.

Only a small number of the mining claims in which the Company has an interest are held under governmental lease or patent. Accordingly, other parties may dispute the Company s title to its mining and other interests. Such claims may be subject to prior unregistered agreements or transfers or native land claims and title may be affected by undetected defects. There may also be liens or other encumbrances registered against the Company s mining claims from time to time. The Company has entered into, or may enter into, contractual arrangements to acquire interests in resource properties with governments or governmental agencies. Such contractual arrangements may be difficult to enforce.

Insurance

The Company currently has little or no insurance coverage for its plant and related equipment at any of its properties. In the event of one or more uninsured losses, any one of the Company s current projects would be rendered uneconomic.

Environmental and other Regulatory Requirements

The Company s potential mining and processing operations and exploration activities in Canada are subject to various federal, territorial and provincial laws governing land use, the protection of the environment, prospecting, development, production, exports, taxes, labour standards, occupational health, waste disposal, toxic substances, mine safety and other matters. Such operations and exploration activities are also subject

to substantial regulation under these laws by governmental agencies and may require that the Company obtain permits from various governmental agencies.

The Company believes it is in substantial compliance with all material laws and regulations which currently apply to its various activities. There can be no assurance, however, that all permits which the Company may require for construction of mining facilities and conduct of mining operations will be obtainable on reasonable terms or that such laws and regulations would not have an adverse effect on any mining project which the Company might undertake.

Failure to comply with applicable laws, regulations, and permitting requirements may result in enforcement actions there-under, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. Parties engaged in mining operations may be required to compensate those suffering loss or damage by reason of the mining activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations.

Amendments to current laws, regulations and permits governing operations and activities of mining companies, or more stringent implementation thereof, could have a material adverse impact on the Company and cause increases in capital expenditures or production costs or reduction in levels of production at producing properties or require abandonment or delays in development of new mining properties.

Competition

Significant and increasing competition exists for the limited number of diamond/gemstone/precious and base metals acquisition opportunities available in Canada, the United States and beyond. As a result of this competition, some of which is with large established mining companies with substantial capabilities and greater financial and technical resources than the Company, the Company may be unable to acquire additional attractive opportunities on terms it considers acceptable.

Currency Fluctuations

The Company maintains its accounts in Canadian Dollars. The Company s operations are all situated within Canada and therefore, are not subject to foreign currency fluctuations. The Company does not at the present, nor in the future plan to engage in foreign currency transactions to hedge exchange rate risks.

Mineral Prices

The mining industry in general is intensely competitive and there is no assurance that, even if commercial quantities of mineral resources are discovered, a profitable market will exist for the sale of same. Factors beyond the control of the Company may affect the marketability of any substances discovered. The price of gold and gemstones has experienced volatile and significant price movements over short periods of time, and is affected by numerous factors beyond the control of the Company, including international economic and political trends, expectations of inflation, currency exchange fluctuations (specifically, the U.S. dollar relative to other currencies), speculative activities and increased production due to improved mining and production methods. The supply of and demand for diamond/gemstones/precious and base metals is affected by various factors, including political events, economic conditions and production costs in major commodities producing regions and governmental policies.

Sales and Refining

If production is achieved on any of the Company s properties, the diamonds, gemstones, or precious/base metals can be readily sold on numerous markets throughout the world and it is not difficult to ascertain its market price at any particular time. Doré bars that may be produced by the Company s future mining operations would be refined by a commercial refinery; and any precious/base metals produced would

subsequently be purchased on a competitive basis. The Company believes that because of the availability of refiners, each able to supply all services that would be required by the Company, no material adverse affect is likely to result if the Company lost the services of any refiner. Because of the large number of available precious/base metals purchasers, the Company believes that it is not dependent upon the sale of its production to any customer, the loss of which would have material adverse affect on the business of the Company.

Sapphires are far less common than diamonds, with large gem quality rubies being anything from 30-50 times rarer than diamonds. Rubies and sapphires dominate the world gemstone market and account for over 50% of total sales. The world market for diamonds and precious/semi-precious gemstones is maintained mostly through well established markets throughout the world.

Dependence Upon Qualified Personnel

The Company is dependent upon its ability to attract and retain qualified personnel. No assurances can be given that the Company will be able to attract or retain any such persons.

Conflicts of Interest

Certain of the directors of the Company are directors of other reporting companies and to the extent that such other companies may participate in ventures in which the Company may participate, the directors of the Company may have a conflict of interest in negotiating and concluding terms respecting the extent of such participation. In the event that such a conflict of interest arises at a meeting of the directors of the Company, a director who has such a conflict will abstain from voting for or against the approval of such participation or such terms. In appropriate cases the Company will establish a special committee of independent directors to review a matter in which several directors, or management, may have a conflict. From time to time, several companies may participate in the acquisition, exploration and development of natural resource properties thereby allowing for their participating in larger programs, permitting involvement in a greater number of programs and reducing financial exposure in respect of any one program. It may also occur that a particular company will assign all or a portion of its interest in a particular program to another of these companies due to the financial position of the company making the assignment. In accordance with the laws of the Province of British Columbia, the directors of the Company are required to act honestly, in good faith and in the best interests of the Company. In determining whether or not the Company will participate in a particular program and the interest therein to be acquired by it, the directors will primarily consider the potential benefits to the Company, the degree of risk to which the Company may be exposed and its financial position at that time. Other than as indicated, the Company has no other procedures or mechanisms to deal with conflicts of interest.

Additional Funding Requirements

The Company has not received cash flow from operations in the past and positive cash flow is not expected in the next few years to satisfy the Company s operational requirements and cash commitments. In the past, the Company has relied on sales of equity securities to meet most of its cash requirements, together with management fees, property payments and sales or joint ventures of properties. There can be no assurance that funding from these sources will be sufficient in the future to satisfy operational requirements and cash commitments.

The Company currently does not have sufficient financial resources on hand to undertake all of its planned exploration programs and meet its general and administrative expenses budgeted through the current fiscal year ending 2009. The Company completed a private placement of $547,000 in 2008 and received $193,000 from the exercise of options/warrants, both resulting in the issuance of common shares. The Company also raised $333,000 in a private placement and settled $474,940 in outstanding debt in the first quarter of 2009. **SEE ITEM 17. FINANCIAL STATEMENTS Note 6**. The development of the Company s properties in the future will continue to depend upon the Company s ability to obtain financing through any or all of the joint venturing of projects, debt financing, equity financing or other means. There is no assurance that the Company will be successful in obtaining the required financing. Failure to obtain

additional financing on a timely basis could cause the Company to forfeit its interest in its properties and reduce or terminate its operations on such properties.

History of Net Losses; Accumulated Deficit; Lack of Revenue From Operations

The Company has incurred significant net losses to date. Its deficit as of December 31, 2008, was $12,956,899. The Company has not yet had any revenue from the exploration activities on its properties, nor has the Company yet found that development activity is warranted on any of its properties. Even if the Company does undertake development activity on any of its properties, the Company may continue to incur losses beyond the period of commencement of such activity. There is no certainty that the Company will produce revenue, operate profitably or provide a return on investment in the future.

Limited Experience with Development-Stage Mining Operations

The Company has limited experience in placing resource properties into production, and its ability to do so will be dependent upon using the services of appropriately experienced personnel or entering into agreements with other major resource companies that can provide such expertise. There can be no assurance that the Company will have available to it the necessary expertise when and if the Company places its resource properties into production.

Stock Subject to Penny Stock Rules

The capital stock of the Company would be classified as penny stock as defined in Reg. § 2403a51-1 promulgated under the Exchange Act. In response to perceived abuse in the penny stock market generally, the Exchange Act was amended in 1990 to add new requirements in connection with penny stocks. In connection with effecting any transaction in a penny stock, a broker or dealer must give the customer a written risk disclosure document that (a) describes the nature and level of risk in the market for penny stocks in both public offerings and secondary trading, (b) describes the broker s or dealer s duties to the customer and the rights and remedies available to such customer with respect to violations of such duties, (c) describes the dealer market, including bid and ask prices for penny stock and the significance of the spread between the bid and ask prices, (d) contains a toll-free telephone number for inquiries on disciplinary histories of brokers and dealers, and (e) defines significant terms used in the disclosure document or the conduct of trading in penny stocks. In addition, the broker-dealer must provide to a penny stock customer a written monthly account statement that discloses the identity and number of shares of each penny stock held in the customer s account, and the estimated market value of such shares. The extensive disclosure and other broker-dealer compliance related to penny stocks may result in reducing the level of trading activity in the secondary market for such stocks, thus limiting the ability of the holder to sell such stock.

Environmental and Other Regulatory Requirements

The current or future operations of the Company, including development activities and commencement of production on its properties, require permits from various governmental authorities and such operations are and will be subject to laws and regulations governing prospecting, development, mining, production, exports, taxes, labour standards, occupational health, waste disposal, toxic substances, land use, environmental protection, mine safety and other matters. Companies engaged in the development and operation of mines and related facilities generally experience

increased costs, and delays in production and other schedules as a result of the need to comply with applicable laws, regulations and permits. There can be no assurance that approvals and permits required to commence production on its various properties will be obtained. Additional permits and studies, which may include environmental impact studies conducted before permits can be obtained, may be necessary prior to operation of the properties in which the Company has interests and there can be no assurance that the Company will be able to obtain or maintain all necessary permits that may be required to commence construction, development or operation of mining facilities at these properties on terms which enable operations to be conducted at economically justifiable costs.

The Company s potential mining and processing operations and exploration activities in Canada are subject to various federal and provincial and state laws governing land use, the protection of the environment, prospecting, development, production, exports, taxes, labour standards, occupational health, waste disposal, toxic substances, mine safety and other matters. Such operations and exploration activities are also subject to substantial regulation under these laws by governmental agencies and may require that the Company obtain permits from various governmental agencies. The Company believes it is in substantial compliance with all material laws and regulations, which currently apply to its activities. There can be no assurance, however, that all permits the Company may require for construction of mining facilities and conduct of mining operations will be obtainable on reasonable terms or such laws and regulations would not have a material adverse effect on any mining project the Company might undertake.

Failure to comply with applicable laws, regulations, and permitting requirements may result in enforcement actions there under, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. Parties engaged in mining operations may be required to compensate those suffering loss or damage by reason of the mining activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations.

Amendments to current laws, regulations and permits governing operations and activities of mining companies, or more stringent implementation thereof, could have a material adverse impact on the Company and cause increases in capital expenditures or production costs or reduction in levels of production at producing properties or abandonment or delays in development of new mining properties.

To the best of the Company s knowledge, it is currently operating in compliance with all applicable environmental regulations.

Dividends

All of the Company s available funds will be invested to finance the growth of the Company s business and therefore investors cannot expect and should not anticipate receiving a dividend on the Company s common shares in the foreseeable future.

Company s Officers and Directors Resident Outside U.S.; Potential Unenforceability of Civil Liabilities and Judgments

The Company and its officers are residents of countries other than the United States, and all of the Company s assets are located outside the United States. As a result, it may not be possible for investors to effect service of process within the United States upon such persons or enforce in the United States against such persons judgments obtained in the United States courts, including judgments predicated upon the civil liability provisions of United States federal securities laws or state securities laws.

The Company believes that a judgment of a United States court predicated solely upon civil liability under the United States securities laws would probably be enforceable in Canada if the United States court in which the judgment was obtained has a basis for jurisdiction in the matter that was recognized by a Canadian court for such purposes. However, there is doubt whether an action could be brought in Canada in the first instance on the basis of liability predicated solely upon such laws.

If the Company is Unable to Successfully Develop and Subsequently Generate Sufficient Cash Flow from its Properties, the Company Could be treated as a Passive Foreign Investment Company for U.S. Tax Purposes, Possibly Resulting in Additional Taxes to Its U.S. Stockholders and Less Liquidity for the Stock.

The Company, as a foreign corporation with U.S. stockholders, could potentially be treated as a passive foreign investment company (PFIC) for U.S. tax purposes. U.S. stockholders owning shares of a PFIC can be subject to adverse tax consequences. In general, the Company would be considered a PFIC if: 75% or more of its gross income in a taxable year is passive income such as dividends and interest; or, the

average percentage of the Company s assets (by value) during the taxable year which produce passive income or which are held for production of same is at least 50%. A U.S. stockholder owning shares of a PFIC, who does not make certain elections for tax purposes, is subject to an additional tax and to an interest charge based on the value of deferral of tax for the period during which the common shares of the PFIC are owned. Also, gain realized on the disposition of common shares of the PFIC would be treated as ordinary income rather than capital gains. If U.S. stockholders are subject to adverse tax consequences related to their ownership of the Company s stock, they might be less willing to acquire the stock, which could result in reduced market activity and liquidity for the stock.

ITEM 4.

INFORMATION OF THE COMPANY

A.

History and Development of the Company

ASII, the parent of the Company prior to the Reorganization, was organized in 1966 under the laws of the Province of British Columbia, Canada. Prior to February 1, 1990, ASII was known as Carolin Mines Ltd. . Prior to May 1, 1992 ASII was known as Anglo Swiss Mining Corporation and contemporaneous with the change of ASII s name to Anglo Swiss Industries Inc. , a consolidation of ASII s shares on a 1 for 15 basis, was also completed.

The Company was incorporated under the laws of Canada on June 27, 1995 under the name 3160157 Canada Ltd. as a wholly owned subsidiary of Anglo Swiss Industries Inc. (ASII). On July 12, 1995, it changed its name to Canadian Sapphire Corporation . On October 8, 1997 it was continued as Anglo Swiss Resources Inc. under the Company Act. The continuance was implemented to repatriate the Company as a British Columbia company as the majority of its direct business operations are located in that province. As a result of the Reorganization, holders of ASII Common Shares automatically became holders of Company Common Shares and the Company automatically became the holder of all the outstanding ASII Common Shares. This resulted in the Company becoming the new parent company of the Anglo Swiss group of companies. The financial statements of the Company are, in effect, the same as the financial statements of ASII would appear, if the Reorganization had not taken place.

On October 8, 1997, the Board of Directors of the Company and ASII approved the Reorganization. The completion of the Reorganization, effective November 28, 1997 (the Effective Date) resulted in holders of ASII Common Shares automatically becoming holders of the same number of common shares of the Company, formerly a wholly-owned subsidiary of ASII, and the Company automatically became the holder of all of the ASII Common Shares. The Reorganization resulted in a simplified corporate structure for the Anglo Swiss group of companies and the Company becoming the new parent company of the Anglo Swiss group of companies.

An annual and special general meeting of shareholders of ASII was held on November 24, 1997 to vote upon the Reorganization. All necessary approvals, including court and shareholder approvals, were received, and the Reorganization took effect on the Effective Date.

After the Reorganization, Company Common Shares provided their holders with, in all material respects, the same interests in the same assets as those shareholders had through their ASII Common Shares held immediately before the Reorganization. The financial statements of the Company are, in effect, the same as the financial statements of ASII

would appear, if the Reorganization were not carried out.

Although ASII had expanded into gemstone exploration (through its then wholly-owned subsidiary, the Company) and into exploration of precious metals in Ecuador (through its then wholly-owned subsidiary, Canadamin S.A.), ASII was identified for the most part with precious metals exploration and development in British Columbia. Management of ASII was of the view that the Reorganization would maximize shareholder value as a new and simplified corporate structure and the name Anglo Swiss Resources Inc. would facilitate and reflect continued expansion into other segments of the natural resources industry and create administrative and other efficiencies. Management also believed that, as a result of the Reorganization, the Company would be more appropriately viewed in the marketplace as a more broadly-based resources company and its ability to pursue future financing would be enhanced.

The Reorganization occurred in 3 major steps, all of which occurred on the Effective Date:

Pre-Arrangement Transactions. ASII sold all of the issued and outstanding common shares of Canadamin S.A. to Anglo Swiss International Holdings Ltd. (ASIHI) in consideration for one Company Class A Preferred Share. ASII also sold all of the issued and outstanding common shares of 409556 to the Company in consideration of one Company Class C Preferred Share (the Pre-Arrangement Transactions).

Arrangement. ASII exchanged the single issued and outstanding Company Common Share it held for one Company Class B Preferred Share. All holders of ASII Common Shares, except for Dissenting Shareholders, then exchanged their ASII Common Shares for Company Common Shares on the basis of one Company Common Share for each ASII Common Share (the Arrangement).

Post-Arrangement Transactions. The Company redeemed for a promissory note the Company Class A Preferred Share, the Company Class B Preferred Share and the Company Class C Preferred Share acquired by ASII in the Pre-Arrangement and Arrangement Transactions. The Company adopted a stock option plan substantially the same as the 1997 Stock Option Plan and granted an option to purchase Company Common Shares to each person who held an option to purchase ASII Common Shares on the same terms and conditions as contained in the original grant pursuant to ASII s 1997 Stock Option Plan. The Company wound-up 409556 and changed its fiscal year end to December 31. Finally, the name of ASII was changed to 68063 B.C. Ltd. to avoid any potential for confusion with the Company (the Post-Arrangement Transactions).

The foregoing transactions closed in the order set forth above with the closing of each prior transaction being a condition precedent to the closing of the subsequent transactions; however, all of the transactions closed in escrow so that none of the transactions would close unless they all closed. The Board of Directors had previously approved of the Reorganization. Although shareholder approval from the ASII shareholders was required for the 409556 Sale and the Arrangement, the Board would not have proceeded with the Reorganization unless it was satisfied that all parts of the Reorganization would be completed as set forth in the Plan of Arrangement or with such variations as, in the opinion of the Board of Directors, would not be unduly detrimental to the interests of ASII, its shareholders or the Company.

On December 9, 1997, the Company Common Shares were listed for trading on the Montreal Exchange in substitution for the ASII Common Shares. On October 1, 2001 the Company s shares began trading on the Canadian Venture Exchange (CDNX), subsequent to an agreement negotiated between the CDNX and the Montreal Exchange whereby, as approved by the regulatory authorities, the Montreal Exchange ceased operations as an equity exchange. On May 1, 2002 the CDNX changed its name to the TSX Venture Exchange. As at June 1, 2007, there were 74,252,688 common shares of the Company issued and outstanding.

The Company s head office and principal office address is located at 837 West Hastings Street, Suite 309, Vancouver, British Columbia, Canada, V6C 3N6. The registered office of the Company is located at 700 West Georgia Street, Suite 2600, Vancouver, British Columbia, Canada, V7Y 1B3.

The Company is a Canadian mining company engaged in the acquisition and exploration of mineral properties. Its primary assets are the Kenville Mine Property, the Blu Starr Gemstone Property, the McAllister Pipe Property, all located in south eastern British Columbia, between Nelson and Castlegar. The Company also holds two distinct properties of merit in the Northwest Territories (NWT) of Canada for the potential to host diamonds acquired in June of 2005 through to January of 2006. The diamond properties are all located in the Slave Craton/Lac de Gras region of the NWT the host to Canada s first two producing diamond mines. **See ITEM 4.D Information of the Company**

Property, Plants and Equipment for a more complete description of these properties.

The Kenville Mine Property is 100% owned by the Company and is located near Nelson, British Columbia. It was previously owned by 409556, a former wholly-owned subsidiary of the Company, which has subsequently been wound up. **SEE ITEM 4.A History and Development of the Company**. On February 10, 1995, 409556 entered into an option joint venture agreement with Teck Corp. (the OJV Agreement).

The OJV Agreement provided Teck Corp. with an option to earn a 70% undivided interest in the Kenville Mine Property within a four year period. Teck Corp. was able to exercise its option by making cash payments of $100,000 to 409556 and by expending $700,000 on exploration of the Kenville Mine Property.

On January 22, 1997, Teck Corp. informed 409556 of its intention not to continue with its option.

The Company entered into a confidentiality agreement with a major mining company on April 16, 1999. The agreement allowed this company to perform its due diligence and a geological assessment of the Kenville Mine Property. This Agreement was terminated on March 2, 2000.

During the fiscal year ended December 31, 2003, the Company re-entered into a three-year Option Joint Venture Agreement (OJVA) to explore the Kenville Mine property effective August 29, 2003. The Optionees to the OJVA were to earn a 70% interest to the mineral rights of the Kenville Mine property (the Company retains 100% ownership of the surface rights, facilities, buildings, equipment, etc.) by paying the Company $100,000 ($100,000 received, non-refundable prior to August 29, 2005) and expending $700,000 over the three year exploration period, by August 29, 2006.

The OJVA lapsed on September 5, 2006, as the Optionee to the OJVA did not meet the required exploration expenditures of $700,000 due by that date. During August of 2006, the Company was advised by the Optionees that they alleged to have completed the required expenditures of $700,000 as required under the OJVA and served the Company with a lawsuit in an attempt to force a Joint Venture Partnership in December of 2006.

In its statement of defense, Anglo Swiss denied the allegations contained in the Optionees' statement of claim. In particular, Anglo Swiss says that the claim is without merit as it had been brought before the audit has determined whether the Optionees are entitled to exercise the option. A claim to have a joint venture declared at that stage would be an attempt to avoid the audit procedure that Anglo Swiss and the Optionees agreed to when they entered the OJVA. Further, Anglo Swiss has denied the Optionees' allegations of breach of contract or breach of duty of good faith as being without basis.

The Company commenced with an independent audit of the Optionees alleged exploration expenditures in accordance with the OJVA. The Optionees did not cooperate with the audit and the audit was completed with no evidence that $700,000 in expenditures had been achieved. Anglo Swiss has retained Farris, Vaughan, Wills & Murphy LLP as counsel in this matter.

The Blu Starr Gemstone Property is owned by the Company. On May 16 and May 19, 1995, ASII entered into two option to purchase agreements to acquire 188 mineral claims in the Slocan Mining District of British Columbia representing over 11,000 acres of land. The Company s preliminary geological evaluation was conducted by Dr. Marylou Coyle, P.Geo., and confirmed a sapphire showing now referred to as the Blu Starr showing. Due to the confirmation of this showing, ASII exercised the two option agreements on July 7, 1995 and transferred such claims to the Company (all such claims along with nearby claims and other Property interests the Company has subsequently acquired are commonly referred to in the aggregate as the Blu Starr Property).

The Company has worked with the British Columbia Government s Geological Survey Office to explore the Blu Starr Property and has conducted processing and heat treatment evaluation in the United States and Sri Lanka. Exploration was commenced on July 3, 1996 consisting of mapping the outcropping hosting these occurrences and further prospecting of this Property to ensure optimum locations to commence sapphire/gemstone extraction. During this initial phase of exploration, a beryl occurrence was also identified on the Blu Starr Property. The Company subsequently acquired additional mineral claims aggregately representing over 4,300 acres of land and 13 contiguous placer claims totalling over 1,600 acres.

The Company entered into a Joint Participation Agreement with Hampton Court Resources Inc. (Hampton) on May 1, 2000 with respect to the Blu Starr Property, subsequently amended it on May 25, 2000 (collectively, the Blu Starr Joint Participation Agreement) and has since expired on April 30, 2003. Hampton has completed its participation in Phase I of the evaluation and earned a 10% interest in the Blu Starr Property. In Phase II of the Blu Starr Joint Participation Agreement, Hampton Court was to earn another 10% working interest in the Property. The Company has not received any documentation or communication from Hampton Court since 2003 in regards to their overall interest in the Blu Starr Property. Hampton Court is currently undergoing corporate restructuring.

The Company filed a Notice of Work in 2004 and received a permit to perform drilling and trenching of the alluvial terraces held within the placer claims overlain on the Blu Starr mineral staked claims. The Company owns 100% of these placer claims. The permit was for 10 drill locations, sites were located by GPS, flagged and all approvals obtained by any private property owners during the fall of 2004. The drill program has been postponed while the Company focused all its efforts on the acquisition and exploration of the NWT diamond properties.

The Blu Starr hosts numerous occurrences of sapphire (15), iolite (11), gemstone quality garnet (2), as well as a flake graphite deposit; other minerals include aquamarine (beryl), tourmaline, titanite, moonstone and several varieties of quartz crystals. Previous exploration has confirmed that the geological setting and potential gem grades (carats per tonne) of the numerous showings are extremely promising.

Less than 10% of the Blu Starr property has been explored and mapped to date. The mineral claims are in good standing for a number of years, ranging from 2007 to 2011 due to the expenditures incurred by Hampton Court during May 1, 2000 through April 30, 2003.

A large flake graphite discovery outcropping over 2,000 meters has also been discovered on the Blu Starr Property and has been optioned to a nearby producer of graphite concentrate. The option allowed the graphite producer to perform testing and sampling of the graphite discovery by December 31, 2002, and has expired, un-exercised. Management will not conduct any further exploration of this resource but will monitor the market and success of the local graphite producer. The graphite discovery is contained within the Blu Starr claim group and is also in good standing for a number of years.

The Company staked a number of mineral tenures known as the McAllister Pipe Property in south-eastern British Columbia for a total of 31,000 hectares in 2004 and 2005 for diamond exploration and optioned the Iva Fern claim group as they were situated within the McAllister group. In lieu of the Company s decision to focus on the Lac de Gras region of the Northwest Territories for diamond exploration in summer of 2005, the Company has retained only 1,959 hectares with 10 mineral cells of the McAllister property in January of 2006. This resulted in a write down of $38,159 to this property during the year ended December 31, 2005. The Company did not re-new the option on the Iva Fern claim group in February 2006. The main focus of the McAllister property is the McAllister Diatreme, identified as the host of a potential diamondiferous lamproite. The Company will re-assess the merits of this property within the current exploration year.

The Company in 2005 made the decision to acquire diamond exploration opportunities in the Northwest Territories of Canada as it had identified key land positions within the Slave Craton and the Lac de Gras regions that could be acquired. The properties acquired at December 31, 2006 are:

Fry Inlet Diamond Property: the Company acquired the property consisting of 42 contiguous mineral claims, located immediately to the west of Fry Inlet Lake and directly 25 km east of the Ranch lake kimberlite and 25 km north of the BHP Billiton Diamonds Inc. Ekati Mine property. The claims were acquired in two separate transactions in June of 2005; the New Shoshoni option/joint venture for up to 60% (23,587 hectares) and the PQ claims for a 100% (13,586 hectares interest totalling over 37,173 hectares. The PQ claim group was dropped in 2007 resulting in a write-down of $601,601 to the carrying cost of this property.

Falcon Bay Diamond Property: the Company acquired a 100% interest to 25 semi-contiguous mineral claims (MS 1-25), covering approximately 21,229 hectares in the diamond producing area of Lac de Gras, NWT. This property is located approximately 35 kilometers southeast of the Diavik Diamond Mine and is proximal to the DO-27 Kimberlite, currently the focus of detailed exploration by Peregrine Diamonds, Southernera and others. This claim group was dropped in 2007 resulting in a write-down of $270,000 to the carrying cost of this property.

Fishing Lake Diamond Property: the Company acquired a 100% interest to 6,730 hectares now known as the Fishing Lake Diamond property, located approximately 110 kilometers northwest of Yellowknife, NWT. The Fishing Lake Diamond Property claims cover dispersion trains of kimberlite indicator minerals identified in till sampling programs. These claims lie within a region of active diamond exploration by other diamond explorers and are midway between the Crosslake area kimberlites (Ashton, DeBeers, Diamonds North, et al) and the Big Hole target (GGL Diamond)**.** This claim group was dropped in 2007 resulting in a write-down of $114,500 to the carrying cost of this property.

The Lac de Gras Group of Claims: the Company acquired a 100% interest in and to 4 mineral claims consisting of approximately 10,330 acres located in the Lac de Gras area of the Northwest Territories, known as the UL 1&2 and the AFR 6&7 mineral claims. The AFR 6 & 7 claims subsequently lapsed and were replaced at no charge to the Company with three new claims, the UL 3, 4, and 5 claims. These three claims totalled 7,746 acres and are contiguous to the UL 1&2.

The Company Common Shares continue to trade on the TSX Venture Exchange (ASW), formerly known as the CDNX ; and in the United States on the Over The Counter Bulletin Board (OTC BB) (ASWRF). In February of 2004 the shares were also listed on the Frankfurt Exchange (AMO.F). **SEE ITEM. 9 THE OFFERING AND LISTING**
Offering and Listing Details

B.

Business Overview

The Company is in the business of the acquisition, exploration, exploration management and purchase of mineral properties, with the primary aim of developing them to a stage where the Company can exploit them profitably. The Company also has advanced its properties through partnerships, whereby proven companies manage the property with expertise in developing, designing and operating the extraction of

mineral resources. At that stage, the Company s operations would, to some degree, be dependent on the prevailing market prices for any of the minerals produced by such operations. The Company currently does not have any producing properties and its current operations on it various properties are in the exploration stages, working towards establishing economic concentrations of minerals.

Before during and after the fiscal year ended December 31, 2008, the Company was engaged in continued exploration of its diamond, precious/base metals and gemstone properties in Canada.

The Company s future mineral exploration and mining activities may be affected in varying degrees by prevailing market prices, political stability and government regulations, the success of existing joint venture partners, all of which are beyond the control of the Company. The recent resurgence of the mining sector and commodities throughout the world with demand and the subsequent increase in the value of precious and base metals appears to be the beginning of a sustained improvement in the outlook for the mining industry.

The Company s mineral exploration activities have been funded through the sales of common shares, and although the Company has been successful in attracting joint venture partners to continue development and exploration of its properties, there is no assurance that this trend will continue indefinitely. The ongoing general and administrative obligations are dependent on this source as well and the Company expects to continue to utilize this source of financing until it develops cash flow from its operations. There can be no assurance, however, that the Company will be able to obtain required financing in the future on acceptable terms, or at all. At December 31, 2008 the Company had working capital of $36,851. Based on its existing working capital, the Company does not have sufficient funds to meet its general and administrative expenses and continue the exploration of its two key properties through 2009. The Company has initially addressed this in the first quarter of 2009 by settling outstanding debt of $474,940.03 and raising $333,000 in a private placement. The Company expects to require additional financing in the future. Accordingly, there is some doubt about the ability of the Company to continue as a going concern. SEE ITEM 5B. FINANCIAL INFORMATION Liquidity and Capital Resources.

C.

Organizational Structure

The following chart sets out the Company s corporate structure and the mineral resource properties owned by each of the Company s subsidiaries:

1. During the fiscal year ended December 31, 2003, the Company re-entered into a three-year Option Joint Venture Agreement (OJVA) to explore the Kenville Mine property effective August 29, 2003. The Optionees to the OJVA were to earn a 70% interest to the mineral rights of the Kenville Mine property (the Company retains 100% ownership of the surface rights, facilities, buildings, equipment, etc.) by paying the Company $100,000 ($100,000 received, non-refundable prior to August 29, 2005) and expending $700,000 over the three year exploration period, by August 29, 2006. The Company is in litigation with the Optionees as it has determined that the required expenditures had not been incurred through an independent audit as per the terms of the OJVA.

2. The Company entered into a Joint Participation Agreement with Hampton Court Resources Inc. (Hampton) on May 1, 2000 with respect to the Blu Starr Property, subsequently amended it on May 25, 2000 (collectively, the Blu Starr Joint Participation Agreement) and has since lapsed on April 30, 2003. Hampton has completed its participation in Phase I of the evaluation and earned a 10% interest in the staked mineral claims only on the Blu Starr Gemstone Property.

3. The Fry Inlet claims were acquired in two separate transactions in June of 2005; the New Shoshoni option/joint venture for up to 60% (23,587 hectares), currently in the third year of a five year option. The PQ (13,586 hectares), Falcon Bay (21,229 hectares) and Fishing Lake (3,427 hectares) claims were for a 100% interest totalling over 26,014 hectares which have subsequently been dropped in 2007.

D.

Property, Plants and Equipment

All properties of the Company are in the exploration stage only and are without a known body of commercial ore. The Company has no producing properties and has not had any revenue from any mineral in the last three fiscal years. Reference should be made to the **Glossary of Terms** appearing commencing on page 5 of this Form 20-F Annual Report.

In British Columbia the Company owns the Kenville Mine Property, the Blu Starr Gemstone Property, the McAllister Pipe property, and in the Northwest Territories the Diamond Property known as the Lac de Gras Group of 5 Claims and the Fry Inlet Project within an Option Joint Venture Agreement.

The Kenville Mine Property consists of 15 Crown granted (180.88 hectares) and 10 staked (385.82 hectares) mineral claims and three parcels of deeded fee simple surface property and is 100% owned by the Company.

The following map is the location of the Kenville Mine Property.

Location

The map on page 25 shows the location of the Kenville Mine Property.

The Kenville Mine Property is located near Nelson, British Columbia at an elevation of between 600 and 1,200 metres and is accessed by way of the Kenville Mine Road that connects with Highway 3A, three kilometres from the Taghum Bridge. It is approximately 35 kilometres east of the Castlegar Airport and 65 kilometres north of Cominco Ltd. s smelter in Trail, British Columbia.

History

The Kenville Mine Property has a long history as a gold producer, and is notable as British Columbia s first producing hardrock gold mine. It was discovered prior to the 1880s and originally known as the Granite Poorman Mine. In 1946 Kenville Gold Mines Ltd., a company controlled by Quebec Gold Corporation and Noranda Mines Ltd., gained control of the Kenville Mine Property, built a 125 ton per day cyanide mill and commenced significant exploration, development and mining operations. Operations ceased in 1949, save for the continued milling of ore by individual lessors until 1954. Small amounts of high grade ore from the Kenville Mine Property were shipped in 1960 and 1961 directly to Cominco Ltd. s smelter located in Trail, British Columbia. Noranda Mines Ltd. then removed all usable equipment from the Kenville Mine Property in 1962.

In 1969, Algoma Industries & Resources Ltd. (Algoma) acquired the Kenville Mine Property, reopened the 257 level and commenced dewatering activities. Mining activities were recommenced for a short time once Algoma rebuilt the primary crushing mill. Such activities ceased in 1986.

In 1987, Coral Industries Ltd. (Coral) acted as a trustee for a partnership of three individuals in arriving at an agreement to purchase the Kenville Mine Property from Algoma and exercised its rights to direct control of operations late in 1989. Coral invested approximately $750,000 in anticipation of recommencing mining operations. Small scale mining production was commenced for the purposes of testing milling operations. The tests indicated that the mill was not properly designed but that the ore was amenable to the recovery of precious metals by a flotation process. The Kenville Mine Property has remained dormant since December 1992. Since acquiring ownership of the Kenville Mine Property, 409556 only engaged in a small amount of test production for evaluating flotation results. The test was conducted at a custom milling operation of Bow Mines Ltd. located near Greenwood, British Columbia. Testing confirmed that ore from the Kenville Mine Property is amenable to flotation, with a recovery rate of greater than 85%.

409556 entered into an Option Joint Venture Agreement with Teck Corp. on February 10, 1995. The agreement provided Teck Corp. with the right to earn a 70% undivided interest to the Kenville Mine Property by the aggregate expenditure of $800,000 over a maximum of four years (comprised cash payments of $100,000 to 409556 and $700,000 on exploration and development of the Kenville Mine Property).

On July 13, 1995, Teck Corp. commenced a diamond drilling program, with a total of five holes drilled with a total depth of 1,110 metres. The 1995 drill program was successful in locating several zones of copper, silver, gold and molybdenum mineralization and a significant new gold quartz vein. Due to these successful results, Teck Corp. initiated a continued program consisting of approximately 3.2 kilometres of surveyed grid, followed by an induced polarization survey in the Spring of 1996. After exercising the second year option on February 10, 1996, Teck Corp. conducted a magnetometer survey which again confirmed the anomalous zone identified by the previous season s exploration. These two programs identified a continuous anomaly approximately 250 metres by 1,000 metres along a NW/SE trend. Teck Corp. also informed 409556 of a new chalcopyrite outcrop occurrence on the southern part of the

Kenville Mine Property. This occurrence lies within the strong coincidental induced polarization chargeability and magnetic high zone. Teck Corp. completed a seven hole, 1317 metre diamond drill program in 1996 to test these anomalies.

Upon confirming its intention on February 10, 1996 to continue under the Option Joint Venture Agreement, Teck Corp. conducted a magnetometer survey on the Kenville Mine Property which again confirmed the anomalous zone identified by the previous season s exploration. These two programs identified a continuous anomaly approximately 250 metres by 1,000 metres along a NW/SE trend. Teck Corp. also informed the Company of a new chalcopyrite outcrop occurrence on the southern part of the Kenville Mine Property. This occurrence lies within the strong coincidental induced polarization chargeability and magnetic high zone. Teck Corp. completed a seven hole, 1317 meter diamond drill hole program in 1996 to test these anomalies.

On January 22, 1997, Teck Corp. informed 409556 of its intention not to continue with its option.

The Company entered into a confidentiality agreement with a major mining company on April 16, 1999. The agreement allowed the Company to perform its due diligence and a geological assessment of the Kenville Mine Property. This agreement was terminated on March 2, 2000.

This property was subject to an Option Joint Venture Agreement (OJVA) that lapsed on September 5, 2006, as the Optionee to the OJVA did not meet the required exploration expenditures of $700,000 due by that date. During August of 2006, the Company was advised by the Optionees that they alleged to have completed the required expenditures of $700,000 as required under the OJVA and served the Company with a lawsuit in an attempt to force a Joint Venture Partnership in December of 2006.

The Company commenced with an independent audit of the Optionees alleged exploration expenditures in accordance with the OJVA. The Optionees did not cooperate with the audit and the audit was completed with no evidence that $700,000 in expenditures had been achieved. Anglo Swiss has retained Farris, Vaughan, Wills & Murphy LLP as counsel in this matter.

Geology

The Kenville Mine Property is located at the north and west end of a Mesozoic Island Arc represented by a sequence of Lower Jurassic Rossland Group augite porphyry flows, pyroclastics and crystal tuffs of andestic and shoshonitic composition.

This sequence is intruded by coeval, usually stratabound, bodies of similar composition, including a stock referred to by the Geological Survey of Canada as of pseudodioritic composition, the Silver King Porphyries and by granodiorite of the Nelson Batholith. The Kenville Mine Property is underlain by one such pseudodioritic stock showing at least two intrusive phases.

Regionally, shear zones up to 100 metres in width have often localized hydrothermal alteration and sulphide mineralization. A major zone composed of multiple parallel shears known as the Silver King Shear Zone is projected to pass through the Kenville Mine Property. This zone can be identified in several properties covering the known exposure of the Island Arc, for a distance of more than 100 kilometres. Intrusive rocks of dioritic to granodioritic composition showing varying degrees of hydrothermal alteration, shearing and mineralization underlie the Kenville Mine Property. Gold-quartz veins systems often form in extensional structures related to the regional shear zones.

Mature second growth larch, douglas fir, hemlock and western red and white cedar covers much of the Kenville Mine Property. Typically, snow precipitation is expected from about mid-November through to about mid-February and can accumulate to as much as three metres in the higher elevations. Heavy rain storms during spring time makes for a quick snow run-off. Except for the short lived storms, surface work is not stopped due to weather and underground work can progress year round.

Mineralization

The principal mineralized veins found on the Kenville Mine Property include, from east to west, the Beelzebub, Granite, Greenhorn, Poorman and Hardscrabble, across a 500+ metre width. This zone is extended further west by the Venango, Dundee and Paradise system of veins. The mineralized veins found in the Kenville Mine itself are similar in character and trend at an azimuth of 330 to 350 degrees. The dip of the vein structures averages 45E to the north east but varies from 20E to 75E and ranges in width from a few centimetres to about two metres. Although no dip is more favoured than another by the average grade ores or widths of quartz, rich pockets with visible gold are reported to occur where the dip of the structures change. Predominant associated minerals are pyrite, chalcopyrite, marcasite and minor amounts of galena, scheelite, sphalerite and visible gold. Commonly, the higher grade gold is diagnosed by the presence of galena and/or sphalerite and/or white pyrite.

The tungsten content of quartz veins at the Venango and Shenango workings is higher than that present at the Kenville Mine Property. Scheelite has been observed in the 217 Flat vein, the Upper 217 (also referred to as the Jewellery Box area), the Yule vein and, to a lesser extent, in the Hardscrabble vein.

Scheelite is generally coarse and occurs as distinct veins within the quartz, usually independent of the sulphides. It appears that the scheelite content increases towards the south. Quartz is the main gangue mineral but pink feldspar, calcite and tourmaline are often present.

The veins vary in width, attitude and in the character of the quartz. The main veins are, for the most part, freewalled accompanied by a gouge selvage, while the flatter ore shoots are frozen to the walls. The veins are in narrow extensional fault zones with the hanging walls of each vein moving relatively upward and southward an unknown distance. From available data, there also appears to be present on the Kenville Mine Property, quartz stockwork zones of significant widths (15 metres) with economically significant values of copper and gold. A bulk sample of 180 short tons was shipped in the Summer of 1991 by rail to Asarco Incorporated in East Helena, Montana. The bulk sample graded 0.46 oz/ton of gold.

British Columbia Government records indicate that the production from the Kenville Mine Property totalled 199,232 short tons averaging 0.327 oz/ton gold and 0.14 oz/ton silver. Although copper, lead, zinc and tungsten were known to be present, no record of significant production of these metals is found. The historical silver to gold ratio for the mine was 0.43.

Permitting

The Company is currently obtaining all permits required for the new mill operations and explorations programs and underground bulk samplings programs for the 2009 season which commenced in April of 2009. The Company holds the bonding required to enable it to carry on exploration activity at the Kenville Mine Property. The Company intends to continue with the development of the Kenville mine into its new status as a producer of gold and other mineralization.

Plant and Equipment

Facilities at the Kenville Mine Property include a shop and core storage; an engineering office; an office and assay lab; compressor facilities; a Mine Manager s residence and the plant itself. The plant consists of a coarse ore bin, jaw crusher, cone crusher, ball mills, flotation cells and fine ore bin, with a crushing capacity of 200tonnes/day.

The underground workings at the Kenville Mine Property are extensive. The 257 level has been completely rehabilitated in 2008 with track-age and air supply piping throughout this level. Underground mine facilities are complete with all necessary mining and safety equipment on site. Electric power is supplied by the City of Nelson. Fresh water is supplied from nearby Eagle Creek.

Encumbrances

Anglo Swiss Resources Inc. has filed a statement of defense in response to a lawsuit commenced in the Supreme Court of British Columbia file no. S068401 dated December 28, 2006 by Tracer Enterprises Ltd., Babylon Enterprises Ltd., Foaming Holdings Ltd., Glacial Holdings Inc. and Gold Standard Resources Corp, collectively the Optionees

with respect to the Option Joint Venture Agreement (OJVA) on the Kenville Mine property.

Anglo Swiss Resources Inc. entered an option joint venture agreement with the Optionees on Sept. 5, 2002. Under the terms of the OJVA, the plaintiffs could earn a 70-per-cent interest in mineral rights associated with Anglo Swiss's Kenville mine property, located near Nelson, B.C., and could form a joint venture with Anglo Swiss through Sept. 5, 2006. The plaintiffs subsequently assigned 88 per cent of their potential interest in the property to Gold Standard Resources Corp.

The Company has disputed the Work Assessment Reports and the amount of the expenditures claimed by the Optionees; and pursuant to the OJVA, Anglo Swiss appointed an auditor to confirm the exploration expenditures alleged by the Optionees. The audit was conducted without the cooperation of the Optionees and none of their alleged expenditures were proven.

In its statement of defense, Anglo Swiss denies the allegations contained in the Optionees' statement of claim. In particular, Anglo Swiss says that the claim is without merit as it has been brought before the audit had determined whether the Optionees are entitled to exercise their option. A claim to have a joint venture declared at that stage would be an attempt to avoid the audit procedure that Anglo Swiss and the Optionees agreed to when they entered the OJVA. Further, Anglo Swiss has denied the Optionees' allegations of breach of contract or breach of duty of good faith as being without basis. Anglo Swiss has retained Farris, Vaughan, Wills & Murphy LLP as counsel in this matter.

The following summarizes the significant events and transactions in our mineral projects during the period.

Kenville Gold Mine Property 2008 Exploration

The Company drilled in two separate areas of the Kenville property in 2008. The First drill program was on the western portion of the property. The program was successful with strong initial assay results from multiple high-grade gold and silver intercepts in several newly discovered mineralized quartz veins. During the 2008 drill program, the vein system has been traced for at least **700 meters** through the western side of the 100% owned Kenville Mine property.

Assay highlights of 5 mineralized quartz vein intercepts from multiple high-grade intervals from the first 28 drill holes (totaling 8530 meters) include:

* **205.0 g/t gold** over 0.3 meters with 182.0 g/t silver & 0.52% copper in Hole AK08-15;

* **115.0 g/t gold** over 0.25 meters with 82.2 g/t silver and 1.61% copper in Hole AK08-17;

* **44.7 g/t gold** over 0.5 meters with 90.3 g/t silver and 0.26% copper in Hole AK08-07;

* **29.2 g/t gold** over 0.32 meters with 54.3 g/t silver and 1.05% copper in Hole AK08-18;

* **10.07 g/t gold** over 1.22 meters with 8.43 g/t silver in Hole AK08-24

Geological interpretation has also recognized a fracture or shear zone that approximately parallels the trend of the high grade quartz veins and like the quartz vein system, can be traced for approximately **700 meters**, throughout the west side of the property. The fracture zone is variable in width between approximately **4.5 to 9.95 meters**, containing copper grades from **0.49% to 1.53% copper** (+/- silver, molybdenum and gold).

Five different drill hole intersections throughout the length of the shear zone resulted in an average copper grade of **0.94 % copper**. Further details of this mineralized fracture zone as well as related widespread disseminated or porphyry style copper mineralization will be summarized in a future press release.

Please refer to the company website to view a table summarizing assay results for the more significant gold-bearing quartz vein intercepts at www.anglo-swiss.com. An accompanying drill hole location map can also be viewed on the

website. A complete table of assays will be posted upon receipt of all final assay reports.

Leonard Danard, CEO of Anglo Swiss Resources Inc. said, The Company is highly encouraged by the presence of at least 4 newly discovered high grade quartz veins carrying spectacular gold, silver and copper grades. While there is substantial work and completion planning to be done by the Company, we are enthusiastic about the initial assay results. The results are highly correlative with previous successful drilling at the Kenville Gold Mine property, and we have every reason to expect a significant upside to what is already known for the high-quality Kenville Gold Mine property. The Company is confident that continued exploration will advance this property towards identifying a major resource

The newly discovered veins on the west side of the property trend northwesterly and dip at around 45 to 60 degrees to the northeast. This vein orientation is consistent with that of the known veins of the adjoining Kenville Gold Mine. Due to the pinch and swell nature of the gold-bearing Kenville veins, vein widths may vary between 0.2 meters to 1.0 meters, but recognized veins within the Kenville Mine can reach widths of up to 2 meters. The highest gold values are generally associated with discrete well-mineralized quartz veins, dominated by heavy clots of pyrite, with lesser concentrations of chalcopyrite, galena and sphalerite. Visible gold has been seen in many of the higher grade vein intercepts, with high gold and silver values showing a strong correlation with variable concentrations of galena +/- sphalerite. Higher-grade vein intervals are also being assayed for tungsten, as scheelite has been observed in a number of the veins.

The second phase of drilling was on the eastern portion of the property which hosts the historic workings of the Kenville Gold Mine. A total of 5,528.15 meters of diamond drilling was carried out on the eastern flank and extensions of the underground Kenville Mine workings, with the drilling of 17 drill holes (AK08-29 to AK08-45). See table below.

The 2008 drill program was the largest drill program incurred on the Kenville Mine property for over half a century said Len Danard, President and CEO. One of the most exciting results of the program is the discovery of at least 4 new high-grade quartz gold

veins lying on the west side of the property. This newly discovered high grade gold vein system, which can be traced for at least 700 metres, represents a potential new gold + silver resource on the Kenville property .

Of the 17 holes drilled from the eastern-Kenville Mine side of the property, 12 holes had at least one significant gold (+/- silver) intercept (> 3 g/t Au) and two of the holes (AK08-36, AK08-37) had up to 4 individual significant gold vein intercepts per hole. Please review the enclosed table for the complete list of the assays.

There were 26 gold intercepts exceeding 3 grams per tonne, with 16 values of 3.14 to 7.37 g/t Au, and 9 values of 9.85 to 73.0 g/t. One intercept in drill hole AK08-37 contained a quartz vein stockwork/silicified zone, which assayed 4.07 g/t Au across 1.67 m (106.68-108.35m). One of the most significant results from the east-side Kenville drill program included two high-grade gold intersects in drill hole AK08-41. This hole contained gold quartz vein intercepts grading 9.85 g/t Au, 23 .0 g/t Ag and a wider quartz vein grading 26.6 g/t Au, 40.2 g/t Ag. These vein intercepts are significant in that they represent previously unknown southward extensions of the Kenville Mine veins beyond the known mine workings, towards the southernmost Jackpot claim of the Kenville property.

The discovery of high grade gold bearing quartz veins beyond the known Kenville Mine workings indicates a potential gold and silver resource, unrecognized by previous operators of the Kenville Mine (see drill hole AK08-41 below).

The following table summarizes some of the significant gold assay values from the 2008 drill program carried out on the east side of the Kenville property:

Hole Number	From (m)	To (m)	Interval (m)	Gold (g/t)	Silver (g/t)	Other
AK08-29	138.14	138.34	0.2	35.3	13.6	0.42% Zn
AK08-33	254.82	255.4	0.58	6.63		
AK08-36	109.19	109.37	0.18	7.37		0.475 % Zn, 0.12% Pb
	117.23	117.73	0.5	6.11		
	128.6	128.85	0.25	5.81		
	152.74	152.97	0.23	5.26	2.3	
AK08-37	34.54	35.11	0.57	15.95		
(includes)	34.54	34.73	0.19	41.7	78.9	0.71% Zn, 1.96% Cu
AK08-37	66.85	67.47	0.62	11.6	23.5	

	106.68	108.35	1.67	4.07		Stockwork zone
	146.4	146.88	0.48	73.0	28.9	
AK08-38	68.98	69.63	0.65	12.7	6.8	
	149.97	150.27	0.3	28.7	18.5	
AK08-41	215.5	215.83	0.33	9.85	23.0	
	300.35	301.07	0.72	26.6	40.2	
AK08-42	248.65	248.93	0.48	6.99		
AK08-44	254.36	254.84	0.48	5.62		

In addition to the above reported vein intercepts, numerous high-grade gold vein intercepts up to 205 g/t were obtained early in the summer (see News Release October 28, 2008) on the west side of the Kenville property.

The Jackpot claim area located at the southern end of the Kenville property, contains extensive zones of light colored intrusive rock that occur as sill-like bodies of leuco-alkalisyenite. The leucoalkalisyenite sills are locally anomalous in gold, molybdenum, lead and zinc and it is postulated that the sills have a strong genetic relationship for the production of metal-bearing hydrothermal solutions, resulting in the formation of gold-bearing quartz vein structures on the Kenville property.

Concurrent with the quartz vein system are copper-bearing fracture or shear zones with variable associated silver, molybdenum and gold, generally paralleling and lying outbound of the gold veins system. Within this shear zone, drill hole AK08-05 contained a 5.8 m interval assaying 1.53% Cu, 30.9 g/t Ag, 0.6 g/t Au and 0.044 % Mo. Teck drill hole (TK95-03), located approximately 200 m northwest of AK08-05, contained a similar fracture-related mineral zone, assaying 0.93% Cu, 9.37 g/t Ag and 0.046 % Mo across 9.95 m.

The Company is highly encouraged by these new discoveries and will be initiating an underground drill program in 2009, and a surface drill program of at least 10 drill holes to establish the intervening continuity of vein structures from the southern extent of the Kenville Mine underground workings to the area of the Jackpot claim.

2008 Northwest Territories Fry Inlet Property (Optioned)

Fry Inlet Diamond Property the Company performed two exploration programs in 2007 on the Fry property. The Company contracted with Aurora Geosciences Ltd. of Yellowknife, NWT, to immediately conduct ground geophysics consisting of MAG/HLEM surveys. This program preceded the Company's proposed 1,500-metre drill program scheduled for mid summer.

The 2007 geophysics program generated 39 magnetic and 34 electromagnetic anomalies for drilling and a significantly diamondiferous kimberlite was confirmed to date. MPH Consulting Ltd. interpreted the 2006 Fugro airborne survey data earlier this year and its report far exceeded management's expectations as MPH identified 39 magnetic anomalies conforming to an idealized Lac de Gras-style intrusive diatreme (16 ranked as A and 23 as B plus). There were another 34 electromagnetic anomalies (10 ranked as A and 24 as B plus) again conforming to an idealized diatreme model -- prime contexts for the possibility of diamond-bearing kimberlites.

The LI 201 kimberlite produced 14 macrodiamonds and 46 microdiamonds from a previous drill program in the 1990s and is contained within a cluster of seven anomalies that the 1,500-metre drill program will test this year.

Ground geophysics to provide initial drill target selection

Aurora's program is based on a survey involving approximately 18.0 line kilometres of total field magnetics and approximately six line kilometres of horizontal loop electromagnetics. Aurora mobilized a six-man crew to conduct this project. Standard gridding was completed on 100-metre lines for the horizontal loop EM surveys. The total field magnetic surveys was completed using non-differential GPS navigation and control.

Anglo Swiss technical staff reviewed MPH's recommendations and selected a cluster of seven targets for NQ drilling, including re-drilling the significantly diamondiferous LI-201 kimberlite upon completion of the ground geophysics program. The data collected by Aurora was again interpreted by MPH Consulting to assist Anglo's technical staff in selecting the order and priority of additional drill targets within the cluster.

In August of 2007 the drill program was initiated. Drilling on the LI-201 kimberlite was carried out over the period Aug. 22 to Sept. 19, 2007. The drilling program consisted of five core holes, totalling 421.6 metres (1,383.2 feet). Two of the drill holes contained intercepts of LI-201 kimberlite. Drill holes Y07-04 and Y07-05 intersected kimberlite totalling 20.25 metres and 14.75 metres, respectively. The material sampled from these two drill holes had a combined weight of 58.0 kilograms, and was obtained from six separate subsamples of split NQ-size drill core. The samples were sent to C.F. Minerals Research Ltd., of Kelowna, B.C., for processing and indicator mineral and microdiamond recovery, and a total of 30 diamonds were recovered. The "Diamond distribution in CIM square mesh sieve classes" table shows the stone size distribution for the combined sample.

DIAMOND DISTRIBUTION IN CIM SQUARE MESH SIEVE CLASSES (MM)

Combined	0.106	0.15	0.212	0.3	0.425	0.6	Total

weight(kg)	sieve	sieve	sieve	sieve	sieve	sieve
58						
	7	9	1			17

Note: Thirteen additional microdiamonds passed through a 0.106-millimetre square mesh sieve for a total diamond count of 30 microdiamonds. In total, 17 diamonds greater than 0.106 mm have been recovered, which equates to 293 diamonds (more than 0.106 mm) per tonne of kimberlite.

The drill program tested geophysical targets as well as to confirm the location and nature of the previously discovered LI-201 kimberlite. Due to continuing mechanical problems throughout the drill program, and with the onset of winter conditions, the drilling program was considerably reduced from its originally intended 1,500-metre program.

The results obtained from the latest study confirm the diamondiferous nature of the LI-201 kimberlite. The company has conducted airborne geophysics over the body and believes that potential exists for additional phases of kimberlite beyond the area of the current drill intersections. Additional work on the compositions of the indicator mineral recovered and analyzed by C.F. Minerals from LI-201 is currently being carried out by Mineral Services Canada Inc. of North Vancouver, B.C. Mineral Services Canada Inc. will be retained to carry out interpretive studies pertaining to future diamond exploration programs by Anglo Swiss.

With only four drill holes that have intersected the LI-201 kimberlite (two by Kennecott and two by Anglo Swiss) over a small area (50 m by 75 m), the overall size and nature of the kimberlite zone requires further evaluation and testing. Anglo Swiss is in the third year of a five-year option agreement with New Shoshoni Ventures Ltd. that allows Anglo Swiss to earn a 60-per-cent interest in the Fry Inlet property be incurring $6.2-million in exploration expenditures.

At present, Anglo Swiss is in the planning stages for carrying out a detailed program of ground geophysics that will test the known area of the LI-201 kimberlite and to locate extensions or larger masses related to the known kimberlite zone. The LI-201 kimberlite zone is located on the immediate edge of a small lake. Due to the recessive nature of kimberlite bodies, the small lake may represent a topographic depression caused by partial glacial erosion of a larger hidden body of kimberlite. The known area of the LI-201 kimberlite may represent a linear dike structure of kimberlite emanating from a larger kimberlite body underlying the adjacent lake. Part of the proposed geophysics program will be carried out over the lake area to test the hypothesis of a hidden kimberlite body under the lake.

Other Mineral Projects

Blu Starr Property

The Company acquired the Blu Starr Property in 1995 in two separate transactions. On June 27, 1995, the Company acquired 174 claims from Andrew W. Molnar of Vancouver, British Columbia, in return for $40,000, 1,600,000 Company Common Shares and a 1.5% net smelter royalty on any future non-gemstone product. On July 6, 1995, the Company acquired an additional 14 claims from Marc R. Goldenberg, Rodney L. Luchansky, Inyo R. Youngreen, Jean W. Demers and Brian G. Meszaros, collectively of the Slocan Valley, British Columbia, in consideration for the issuance of 600,000 Company Common Shares, a 3.5% net royalty interest from any gemstone production and a 2% net smelter return on any metal production from such claims. The Company subsequently acquired additional mineral claims aggregately representing over 4,300 acres and 13 contiguous placer claims totalling 1,606 acres.

Recent changes to the British Columbia Ministry of Energy and Mines in January of 2005 has implemented a change to on-line staking of all mineral tenures, which are now expressed in hectares; mineral claims on the Blu Starr total 7,312.77 hectares and the placer claims total 712.87 hectares.

The Company entered into a Joint Participation Agreement with Hampton Court Resources Inc. (Hampton) on May 1, 2000 with respect to the Blu Starr Property and subsequently amended it May 25, 2000 (collectively, the Blu Starr Joint Participation Agreement)which has since lapsed on April 30, 2003. The Blu Starr Joint Participation Agreement provided for Hampton to earn up to a 60% interest in the Blu Starr Property. Up to a 40% interest may be earned by Hampton expending $1,000,000 in 3 work phases to be completed within 3 years from the date of the Blu Starr Joint Participation Agreement. This agreement lapsed on April 30, 2003 with Hampton retaining a 10% interest in the mineral claims.

With respect to the 3 Phases, the Blu Starr Joint Participation Agreement (expired April 30, 2003) contemplated as follows:

Phase 1. Hampton will expend a minimum of $250,000 on an exploration and development program on the Blu Starr Property. This program must be completed within one year. During this period, Hampton will be responsible to maintain the Blu Starr Property in good standing. Hampton has successfully completed this program, earning a 10% interest in the Blu Starr Property.

Phase 2. Prior to the expiry of the time permitted to complete Phase 1, Hampton has elected to proceed with a Phase 2 work commitment. Hampton will expend a minimum of $250,000 within one year on a work program agreed to between the parties. Hampton will again be responsible to maintain the Blu Starr Property in good standing during Phase 2. Upon successful completion of the program, Hampton will have earned an aggregate 20% interest in the Blu Starr Property.

Phase 3. Prior to the expiry of the time permitted to complete Phase 2, Hampton must elect whether to proceed with a Phase 3 work commitment or terminate its participation in any further earning. If it elects to proceed, Hampton will expend a minimum of $500,000 on a work program agreed to between the parties within one year. Hampton will again be responsible to maintain the Blu Starr Property in good standing during Phase 3. Upon successful completion of this program, Hampton would have earned an aggregate 40% interest in the Blu Starr Property.

Hampton has only completed its participation in Phase I of the evaluation of the Blu Starr Property. In Phase II and Phase III of the Blu Starr Joint Participation Agreement, Hampton Court was to earn an additional 30% working interest in the Property. The Company has not received any documentation or communication from Hampton Court since 2003 in regards to their overall interest in the Blu Starr Property. Hampton Court is currently undergoing corporate restructuring. This agreement lapsed on April 30, 2003. Hampton had previously elected not to participate in the placer mineral claims, accordingly the Company owns 100% of the placer claims and 90% of the staked mineral cells.

Location

The Blu Starr Property is located in the Slocan Valley of British Columbia, and forms a portion of the Valhalla Metamorphic Core Complex. The main parts of the Valhalla Complex are located in the Valkyr range in the southern Selkirk Mountains of British Columbia. These ranges lie between Lower Arrow and Slocan Lakes in the West Kootenay district, northwest of the town of Nelson. The main showing of the Blu Starr Property is located at the confluence of the Slocan River and the Little Slocan River, approximately one kilometre north of the town of Passmore via Highway 6. The exact coordinates of the centre of the mineralized outcrop are 49 degrees 32.5 minutes latitude, and 117 degrees 39 minutes longitude. The showing area is easily accessed, and virtually all modern amenities are readily available in the area. The nearest major centre is the town of Castlegar, which is located in the Kootenay Mountains just north of the Washington/British Columbia border. Castlegar is 425 metres above sea level, with a district population of 15,000. Castlegar is a popular vacation area, due to both its mountain activities and river wilderness, and the town has its own airport, which is serviced by all the major Canadian airlines. The outcrops themselves are exposed directly on Highway 6, along an abandoned Canadian Pacific Railway line which runs parallel to both Highway 6 and the Slocan River.

The following map shows the location of the Blu Starr Property.

History

The earliest exploratory work in this area was carried out by G.M. Dawson in 1889, who visited the Arrow Lakes and travelled up the Kootenay River to Kootenay Lake. Reconnaissance work was carried out in 1898 and 1899 by R.W. Brock; his results were published by McConnel and Brock (1904) and in Reports of the Geological Survey for 1899 and 1900. Further studies were carried out initially by Little in 1948-50 and part of 1952, and some of his observations were made in the areas of the Valhalla and Valkyr ranges (Little, 1960). This work was followed by the fundamental studies of the Valhalla gneiss complex in detail, carried out by J.E. Reesor between 1958 and 1960. His works were published in 1965 and a number of specific topical studies have been carried out since.

In 1991, prospector Rod Luchansky discovered sapphires along the old Canadian Pacific rail line near Passmore, British Columbia and subsequently named it the Blu Starr showing. Along with prospecting partners John Demers and Marc Goldenberg, the initial find was staked and exploration begun. In 1993, John Demers discovered the nearby Blu Moon sapphire showing, which was subsequently staked by the partners. From 1991 to 1995, the prospectors hand mined approximately 10 tonnes of high-grade ore, containing an estimated 55,000 rough carats of sapphire.

Geology

The following discussion of the geology of the Blu Starr Property is based upon a 1995 Report by Dr. Marylou Coyle, P.Geol., a 1996 Report by Kathleen Dixon, P.Geol. and Guylaine Gauthier. The Report was prior to the Canadian Securities Administrators NI 43-101 Standards of Disclosure for Mineral Projects and does not meet the new disclosure requirements in that regard.

The Blu Starr Property is part of the Valhalla Metamorphic Core Complex, located within the Omineca belt of the Canadian Cordillera. The Valhalla complex belongs to a belt of domal metamorphic complexes trending north-south and extending from central British Columbia to New Mexico. In Canada, these complexes include, from north to south, The Pinnacles, the Frenchman Cap Dome, the Thor Odin Complex, the Malton Complex and the Valhalla Complex. They all share similar characteristics: high grade metamorphic rocks bordered by major ductile/brittle shears or faults, with low grade metamorphic rocks exposed in the hanging walls of these outward dipping faults.

The overall pattern of regular foliation throughout the Valhalla complex defines two roughly domal masses: the Valhalla and Passmore domes. The complex consists in its northern part of rugged east-west trending ridges reaching 2500 - 2800 metres elevation. The southern part of the complex, in the Passmore area, is not as rugged.

The Property area is separated from the major part of the complex by the northeast trending Perry Ridge, which is drained on its north side by the Little Slocan river, and by the Slocan river on its southern side.

The Valhalla Complex is approximately 100 kilometres long by 30 kilometres wide and trends roughly north-south. It is composed of sheets of granitic orthogneiss ranging in age from 100 to 59 Ma and paragneiss of uncertain age. The complex is roofed by the ductile Valkyr Shear zone on its west, north and south margins, and, by the ductile/brittle Slocan Lake fault zone on its east side. The hanging walls of the Valkyr Shear zone and the Slocan Lake fault include low grade metamorphic rocks mostly of the Nelson batholith and its satellites. The northern end of the complex is overlain by metasedimentary rocks of the Paleozoic and Triassic Nemo Lakes belt and Upper Triassic Slocan Group. The southern portion of the complex is overlain structurally by lower grade greenschist volcaniclastic and volcanic rocks of the Early Jurassic Rossland Group, as well as metasedimentary rocks thought to be correlative with the Pennsylvanian Mount Roberts Formation. The lower plate of the complex includes the Castlegar gneiss complex and the Trail gneiss.

The complex includes three paragneiss sheets of uncertain age and three granitic sheets dated by the U-Pb zircon method: the late Cretaceous Mulvey granodioritic gneiss (100 5 Ma), the Paleocene Airy quartz-monzonite (62 1 Ma), and the Paleocene - Eocene Ladybird granite (59 1 Ma). Displacement on the Valkyr Shear zone closely followed, or was synchronous, with emplacement of Ladybird granitic rocks.

The ages and correlations of the three paragneiss sheets are uncertain. The uppermost paragneiss sheet, exposed around the periphery of the Valhalla dome and in the core of Passmore dome, comprises quartzofeldspathic gneisses with minor amphibolite, calc-silicates, and quartzite, and is intruded by leucogranite, pegmatites, and migmatites. The two lower paragneiss sheets are exposed north of the study area, in the lower reaches of Gwillim Creek in the Mulvey gneiss core of the Valhalla dome. In both cases, their upper boundaries are in sheared contact with the Mulvey gneiss in the Gwillim Creek shear zones.

The paragneiss and Mulvey gneiss are overlain by early Tertiary granitic rocks which occur around the periphery of the Valhalla come and throughout Passmore dome. The Airy quartz-monzonite borders the hybrid gneiss on all but the eastern side of the complex, along the Slocan river. The Airy quartz monzonite is two kilometres thick in the Passmore dome area. It pinches out to the north and south. This unit is in turn mantled by the Ladybird granite, which is structurally the highest and most extensive granitoid sheet of the complex. It lies in the immediate footwalls of both the Valkyr Shear and Slocan Lake fault zones. It is a 0.5 to three kilometres thick variably foliated sheet of biotite leucocratic granite. Displacement on the Valkyr Shear zone closely followed, or was synchronous with, emplacement of Ladybird granitic rocks. Slightly younger late kinematic to post kinematic granite and pegmatite of the Ladybird intrusion suite intruded deformed rocks of the Valkyr Shear zone and have a U-Pb zircon lower intercept age of 56.5 1.5 Ma.

The last phase of plutonism to occur in the Valhalla complex is represented by the post-kinematic syenitic Coryell intrusions (51.7 0.5 Ma). They outcrop in the upper and lower plate of the Valkyr Shear zone. The Valhalla Complex is composed of high-grade metamorphic rocks of the garnet-amphibolite sub-facies. the paragneiss sheets are at sillimanite-potassium-feldspar grade and are polydeformed.

Mineralization

The following discussion of the mineralization of the Blu Starr Property is based upon a 1995 Report by Dr. Marylou Coyle, a 1996 Report by Kathleen Dixon, P.Geol. and Guylaine Gauthier, and reports generated by management of the Company following the 1997 and 1998 exploration seasons.

Sapphire mineralization on the Blu Starr Property is shown at 15 separate outcrops, with three main areas: the Blu Starr, the Blu Moon and the Sapphire Hill showings. On the Blu Starr showing, sapphire-bearing layers are exposed along the old Canadian Pacific railway grade, the Slocan River and the main highway. An estimate of the surface area within which gemstones are known to occur would be 250 metres in length, 50 metres in elevation and 50 metres in width, and is open to expansion.

It is difficult to assess the total contained carats of rough sapphire crystal due to erratic occurrence in small layers and high grade pockets hosted in felsic gneiss. However, selective mining to date has averaged 5,000 rough carats per tonne. The sapphires have a wide range in size, occasionally exceeding 250 carats, and colour, with black and bronze predominating but good quality blue, grey, yellow, green and mixed colour stones being occasionally found. Some other notable specimen or gem-grade crystals occurring on the Blu Starr showing include red garnet, dark green epidote, black tourmaline and quartz.

At the Blu Moon showing, the sapphires are exposed in the face of a low bluff. The host rock is a foliated leucocratic biotite syenite gneiss, intruded by feldspar-amphibole pegmatite sills and dikes. Quartz is notably deficient. At the Blu Moon showing, the syenite gneiss unit has been tightly folded into a series of recumbent isoclinical folds with an amplitude of five to 10 metres. Small low-angle thrust faults were developed during the folding episode and host a series of narrow pegmatite sills. The best blue sapphires occur on the hinge of a recumbent fold, directly above a pegmatite sill and within the sill s metasomatic

halo. This hinge zone has been traced down a shallow westerly plunge for more than 50 metres where it becomes covered with talus. The sapphires occur sporadically in the syenite gneiss over at least 50 metres in length, 10 metres in height and 10 metres in width, giving about 15,000 tonnes of potential mineralized host rock. Within the eastern part of this block, a well developed zone showing a consistent amount of visible sapphires measures about 20 metres long by three metres in height and width, giving about 500 tonnes of probable gem bearing ore as estimated by the Company.

The sapphires occur as hexagonal barrel-shaped crystals and plates, singly or in groups. Near the edges of the mineralized zones, the stones are often violet-bronze to blue-grey in colour, and commonly from one to 10 carats in size. In the core of the fold hinge, much larger sapphire crystals have formed, including a recently discovered blue crystal exceeding 150 carats in weight. The colour of the larger stones, often zoned, varies from sky-blue to cornflower and indigo blue, violet and purple. Inclusions of rutile silk which can form stars is common. Associated minerals include pink margarite mica and large golden brown zircon crystals. Veinlets and disseminations of translucent blue sodalite and yellow-green apatite crystals have also recently been discovered in the syenite gneiss.

In 1997, a 150 tonne composite bulk sample was permitted and mined from the Blu Moon showing on the Blu Starr Property. This sample was composed of talus rock accumulated below the main sapphire outcrop and approximately 20 tonnes of outcrop. The sample was sent to the Company s nearby Kenville Mine Property for sorting and manual extraction of sapphires. Extraction from approximately five tonnes of hand sorted high-grade material is estimated to contain 20,000 carats of rough sapphire.

During 1998, the Company discovered a third showing of sapphires, which was named Sapphire Hill , and although this showing is located in the vicinity of the Company s Blu Moon showing, it has a geological occurrence which more closely resembles the Blu Starr showing, located 2,000 metres across the valley floor. The sapphire-bearing zone, exposed in rock outcroppings and talus, stretches for more than 400 metres in length and 50 metres in elevation, and is open to expansion in all directions.

The Sapphire Hill showing has a surface area approximately twice the size of the Blu Starr showing, thereby more than tripling the Company s total potential sapphire resource. The new showing, a forested area of moderate topography with good road access, is ideally situated for exploration and development.

Initial heat treatment experiments have been successful in optimizing the colour range of the sapphire gemstones. Early results are very encouraging, with virtually all sapphires turning various shades of blue, including the preferred cornflower blue. The final heat treatments will be to drive the iron content out of the sapphires, producing blue, transparent gem roughs for faceting.

While no gemological valuation of the sapphire occurrences have been completed yet, the world price for comparable unheated, black star sapphire starts at approximately US$10 per carat, and top quality coloured sapphires often rival diamonds and emeralds in price. The average wholesale price for top quality, blue sapphire is in the hundreds of dollars.

The almondine-pyrope garnet discovery of 1999 has provided to date over 250,000 carats of rough material from about two tonnes of mineralized pegmatite. The host quartz-feldspar-biotite-garnet pegmatite is transitional from a sill to a dike, and occurs within garnet amphibolite gneiss. The mineralized outcrop measures about 5 metres in length, varying from 30 to 130 centimetres in width, and more than three metres in depth. The garnet occurs as irregularly distributed single crystals up to 10 centimetres across and in vein-like masses up to 30 centimetres in width.

Initial cutting of the garnets has been completed in Sri Lanka with a very early rough estimate of about 30% of the sorted eye-clean, coarse garnet rough will cut gemstones from 0.25 ct. to 3 ct. in size. The colour of the finished stones is a brilliant, translucent cranberry red, with a hint of hot pink. Exploration and sampling of this showing continued through the 2000 season. Several other similar occurrences of large garnet crystals have been located on the property.

The initial iolite discovery of 1999, known as the Rainbow North Zone, outcrops at the base of a small bluff. The mineralized zone has been hand-trenched and is presently exposed for 20 metres along strike, 5 metres in thickness, and five metres in profile depth. The zone has a shallow dip to the east and is open along strike and to depth. The surrounding wallrock is composed of well-layered feldspar-quartz-biotite-hornblende gneiss with scattered garnet porphyroblasts. The iolite hostrock is a distinctive, dark-green fibrous metamorphic rock composed of biotite and fuchsite mica, tremolite-actinolite, iolite, quartz, feldspar, megacrystic almandine-pyrope garnets, and amphibole. Iolite content varies, averaging about 5% of the observed rock surface, which is highly altered due to weathering.

Additional minerals noted include amethyst, clear, rose and star quartz; schorl and dravite tourmaline crystals up to 10 cm in diameter, rutile, beryl, spinel, ilmenite, muscovite, chlorite and others. The amethyst and clear quartz crystals commonly display positive and negative scepters and complex twinning patterns.

The iolite occurs as large crystals in quartz vein stockworks and pegmatites, and as scattered masses throughout the hostrock in 11 different showings. The iolite crystals weather to irregular masses of translucent violet gem material on the outcrop surface. Beneath the weathered outcrop, the tabular iolite crystals display a greenish-brown retrograde alteration known as pinite, which is a fine-grained mixture of sericite mica and chlorite. The largest single crystals exceed 1,000 carats in weight, but much larger crystalline masses have resulted from complex twinning and intergrowths. A representative 2 metre by 2 metre panel sample averaging about 10 centimetres in depth was taken by hammer and moil from the south end of the mineralized zone. The total sample weight was approximately one tonne, from which 25 kilograms of very high-grade iolite crystal ore was extracted.

The second iolite zone discovered in 2000, known as Rainbow South Zone, is also found outcropping at the base of a low bluff, and is presently exposed for 10 metres along strike, two metres in thickness, and two metres in profile depth. This zone also has a shallow dip and is open to strike and to depth. General deposit morphology, mineralogy and alteration are similar to the Rainbow North Zone. Large, euhedral iolite crystals form in quartz veins and as scattered masses and crystals throughout the hostrock. A representative 2 metre by 2 metre panel sample averaging about 10 centimetres in depth was taken by hammer and moil was taken from the centre of the zone. The sample weight was approximately one tonne, which yielded about 25 kilograms of high-grade iolite crystal ore.

The two samples taken together contained more than 100,000 rough carats of iolite crystal, a small percentage of which may be of gem quality. The samples are currently stored at the Company s Kenville property in Nelson, British Columbia.

The first iolite gems were cut by master gem cutters and designers Bruce MacLellan of Mountain Gems Ltd. and Ken Dale of Rusty s Gems Ltd., who stated that the iolite is among the finest they have ever cut. The cutters both remarked on the superb blue-violet colour, excellent clarity, and intense brilliance of the gems. An additional small package of rough iolite has been successfully cut in Sri Lanka with the finished stones averaging 0.5 carat. A larger package of gem rough garnet and iolite is currently being cut in Sri Lanka consisting of approximately 2,000 carat of rough stones. The work programs completed by April 30, 2002 resulted in several new discoveries of potential economic importance including 13 new sapphire occurrences, 10 new iolite/anthophyllite occurrences, a potentially large and economic gem garnet occurrence, a new flake graphite occurrence and occurrences of amethyst quartz, rose quartz and titanite.

The 1606 acres of placer claims have been evaluated for their mineralogical and gem potential. Recommendations include a drill program of 12 holes, 500 meters of trenching to sample geophysical anomalies and 23 bulk samples to evaluate fluvial zones targeted on two separate terraces. A geological survey using ground penetrating radar technology was performed to profile shallow sediment conditions, infer depth and distribution of fluvial deposits and

sub-alluvial or intra alluvial sediment/bedrock formations.

Permitting

Sufficient work was undertaken in 2000 through 2002 on the staked mineral claims and has been banked forward to provide the Company control of these mineral claims through 2007 up to 2011.

Anglo Swiss filed a Notice of Work in 2004 and received a permit to perform drilling and trenching of the alluvial terraces held within the placer claims overlain on the Blu Starr mineral staked claims. The Company owns 100% of these placer claims. The permit was for 10 drill locations, sites were located by GPS, flagged and all approvals obtained by any private property owners during the fall of 2004. The drill program was postponed in 2005 as the Company focused all its efforts on the acquisition of the McAllister and Northwest Territories Diamond properties. A joint venture partner knowledgeable in the coloured gem industry is currently being sourced to continue advancement of this property.

Plant and Equipment

Currently, no plant and equipment is situated on the Blu Starr Property, owing to its grassroots status. However, due to the proximity of the Blu Starr Property to the Kenville Mine Property (45 kilometres away), the facilities of the Kenville Mine Property will be utilized on an as needed basis.

Encumbrances

The Company is not aware of any material encumbrances against its ownership of the Blu Starr Property.

Exploration Current Results

The work programs to-date have resulted in several new discoveries of potential economic importance including 15 sapphire occurrences, 11 iolite/anthophyllite occurrences, a potentially large and economic gem-grade garnet occurrence, a new flake graphite occurrence and occurrences of amethyst quartz, rose quartz and titanite.

The placer claims have been evaluated for their mineralogical and gem potential. Recommendations include a drill program of 10 holes totalling 500 meters to sample geophysical anomalies and bulk samples to evaluate fluvial zones targeted on two separate terraces. A geological survey using ground penetrating radar technology was performed to profile shallow sediment conditions, infer depth and distribution of fluvial deposits and sub-alluvial or intra alluvial sediment/bedrock formations.

The staked mineral claims are in good standing for various terms from August 2007 through 2011 from the work undertaken during a three year option period by Hampton Court Resources (for a 10% interest), ended April 2003. The Company owns 100% of the placer claims which require work annually to retain the rights. The Company is reviewing the upcoming work requirements for the placer claims and will hold the placer claims for at least one more year as a joint venture partner is being sourced for the Blu Starr property in its entirety.

Graphite

A graphite zone located on the north-western area of the Blu Starr Property was discovered in 1999. Prospecting and geophysical field data have further extended the zone to the north and west. The discovery outcrops over 2,000 meters. Management will not conduct any further exploration of this resource but will monitor the market and success of a local producer of graphite. The graphite discovery is contained within the Blu Starr claim group and is also in good standing for a number of years.

McAllister Pipe Property Diamond Exploration

The Company staked a number of mineral tenures in south-eastern British Columbia for a total of 31,000 hectares in 2004 and 2005 for diamond exploration and optioned the Iva Fern claim group as they were situated within the McAllister group. In lieu of the Company s decision to focus on the Lac de Gras region for diamond exploration the Company has retained only 1,959 hectares with 10 mineral cells of the McAllister property. The Company did not re-new the option on the Iva Fern claim group in February 2006. The main focus of the McAllister property is the McAllister Diatreme, identified as the host of a potential diamondiferous lamproite. The Company will re-assess the merits of this property within the current exploration year. This reduction resulted in a write-down of $38,159 to the value of this property.

Northwest Territories Diamond Properties

NWT Diamond Properties

The Company in 2005 made the decision to acquire diamond exploration opportunities as it had identified key land positions within the Slave Craton/Lac de Gras region that could be acquired. Collectively within this annual report there have been five transactions and are referred to as four distinct properties of merit. The Lac de Gras Group of 5 Claims, the Fishing Lake and the Falcon Bay Diamond properties are at grassroots, early exploration status and therefore the Company does not have extensive exploration data available at this time. These properties are the probable source areas for numerous unresolved KIM trains and include a known diamondiferous kimberlite which warrants additional exploration.

In light of the close proximity to producing diamond mines, the presence of numerous diamondiferous kimberlites and KIM's, management is of the opinion that these properties are highly prospective for the further discovery of diamonds. Anglo Swiss will continue to evaluate other diamond properties within the Lac de Gras/Slave Craton area that meet its acquisition criteria.

The properties acquired at December 31, 2006 are:

Lac de Gras Group of 5 Claims:

The Company originally acquired a 100% interest in and to 4 mineral claims consisting of approximately 10,330 acres located in the Lac de Gras area of the Northwest Territories, known as the UL 1&2 and the AFR 6&7 mineral claims in January of 2006. The Company paid a total of $12,500 and issued 1,000,000 common shares valued at $125,000. The Vendors retained a 2% GORR based on the average appraised value of all gem and industrial diamonds recovered and graded from the property in that calendar quarter. The company may purchase 1% of the GORR by paying $1,000,000. The vendors are eligible to receive kimberlite bonus payments of 200,000 shares on the discovery of any kimberlite body to a cumulative total of 2,000,000 shares.

The vendor neglected to transfer the AFR 6 & 7 claims to the Company and subsequently the claims lapsed. A transfer agreement dated April 20, 2007 replaced the two lost claims at the vendors expense to the Company with three new claims, the UL 3, 4, and 5 claims. These claims totalled 7,746 acres and are contiguous to the UL 1&2.

Falcon Bay Diamond Property:

The Company acquired a 100% interest to 25 semi-contiguous mineral claims (MS 1-25), covering approximately 21,229 hectares in the diamond producing area of Lac de Gras, NWT. This property is located approximately 35 kilometers southeast of the Diavik Diamond Mine and is proximal to the DO-27 Kimberlite, currently the focus of detailed exploration by Peregrine Diamonds, Southernera and others.

The claims are collectively known as the Falcon Bay Diamond Property. The company paid a total of $50,000 and issued 2,000,000 common shares valued at $220,000. The vendors retained a 2% GORR based on the average appraised value of all gem and industrial diamonds recovered and graded from the property in that calendar quarter. The company may purchase 1% of the GORR by paying $1,000,000. The vendors are eligible to receive kimberlite bonus payments of 250,000 shares upon the discovery of the first new kimberlite and 100,000 shares on the discovery of each successive kimberlite body to a cumulative total of 1,000,000 shares.

The Company s claims cover KIM (kimberlite indicator minerals) anomalies and airborne geophysical anomalies which require further work to prioritize drill targets. The 2007 exploration program is being designed and budgeted to further define existing known anomalies located on these claims as they are surrounded by numerous diamondiferous kimberlites in all directions.

This property was dropped during 2007 as the Company has focused its NWT exploration programs to the Fry Inlet and URL group of claims.

Location

See Map on page 43 for the location of the Falcon Bay Diamond property.

Fishing Lake Diamond Property:

The Company acquired a 100% interest to 6,730 hectares now known as the Fishing Lake Diamond property, located approximately 110 kilometers northwest of Yellowknife, NWT. The mineral tenures are collectively known as the Till Claims (1-7) and are located on the Fishing Lake area in the Northwest Territories. The company paid $20,000 and issued 900,000 common shares valued at $94,500. The vendors retained a 2% gross overriding royalty (GORR) based on the average appraised value of all gem and industrial diamonds recovered and graded from the property. The company may purchase 1% of the GORR by paying $1,000,000. The vendors are eligible to receive kimberlite bonus payments of 150,000 shares for each individual kimberlite discovered by the company on the property.

The Fishing Lake Diamond Property claims cover dispersion trains of kimberlite indicator minerals identified in till sampling programs. These claims lie within a region of active diamond exploration by other diamond explorers and are midway between the Crosslake area kimberlites (Ashton, DeBeers, Diamonds North, et al) and the Big Hole target (GGL Diamond). Till samples previously collected during the 2004 and 2005 season confirmed earlier sampling program results and include G9 and G10 garnets.

This property was dropped during 2007 as the Company has focused its NWT exploration programs to the Fry Inlet and URL group of claims.

Location

See Map on page 42 for the location of the Fishing Lake Diamond property.

Fry Inlet Diamond Property

The Company acquired the property consisting of 29 contiguous mineral claims, located immediately to the west of Fry Inlet Lake and directly 25 km east of the Ranch lake kimberlite and 25 km north of the BHP Billiton Diamonds Inc. Ekati Mine property. The claims were acquired in two separate transactions in June of 2005; (i) the New Shoshoni option/joint venture for up to 60% (23,587 hectares) and (ii) the PQ claims for a 100% (13,586 hectares) interest totalling 37,173 hectares.

This PQ claim group was dropped during 2007 as the Company has focused its NWT exploration programs to the Fry Inlet s diamondiferous LI 201 Kimberlite and URL group of claims.

(i) The Company entered into an option and joint venture agreement with New Shoshoni Ventures Ltd. to acquire an undivided interest of 50%, plus a further option to earn an additional 10% interest in a number of mineral tenures totalling 23,587 hectares for diamond exploration. The claims are collectively known as the New Shoshoni Claims and are located near the Fry Inlet Lake in the Northwest Territories. The company paid a cash instalment of $25,000 and issued 400,000 common shares valued at $44,000. The agreement requires that the company pay an additional purchase price of $105,000 through annual payments over a three year period commencing May 25, 2006. The company must also incur $3,000,000 in exploration expenditures by February 2009. The vendors retained a 3% GORR based on the average appraised value of all gem and industrial diamonds recovered and graded from the property. The company may purchase 1% of the GORR by paying 2,500,000. The vendors are eligible to receive kimberlite bonus payments of 250,000 shares upon the discovery of the first new kimberlite and 100,000 shares on the discovery of each successive kimberlite body to a cumulative total of 1,000,000 shares.

(ii) The Company acquired a 100% interest a number of mineral tenures totalling 13,586 hectares for diamond exploration during 2005. The claims are collectively known as the PQ Claims and are located on the Fry Inlet area in the Northwest Territories. The company paid a total of $50,000 and issued 5,000,000 common shares valued at $475,000. The vendors retained a 2% GORR based on the average appraised value of all gem and industrial diamonds recovered and graded from the property in that calendar quarter. The company may purchase 1% of the GORR by paying $1,000,000. The vendors are eligible to receive kimberlite bonus payments of 250,000 shares to a cumulative total of 1,000,000 shares for each kimberlite body discovered by the company on the property.

The Company s most advanced diamond property is the Fry Inlet Diamond Property as previous exploration programs by Kennecott Canada Exploration in 1997 identified a kimberlite body on the property (LI-201). Kennecott drilled four holes, two of which intersected LI-201, and retrieved 14 macro-diamonds and 46 micro-diamonds from 281.1 kg of kimberlite.

Geophysical surveys suggest that the body may be larger with only two preliminary drill holes encountering kimberlite. Encouraging macro and micro diamond counts indicate that LI-201 kimberlite has tapped the diamond stability field.

The Company received a report on the interpretation of the 2006 Fugro Airborne Survey (Fugro) data titled Report on the Geophysical Data on the Fry Inlet Project, Lac de Gras, NWT, Canada by Jeremy S. Brett, M.Sc., P.Geo., MPH Consulting Limited (MPH).

The MPH findings have far exceeded management s expectations as over 220 anomalies have been identified on the eastern portion of the Fry Inlet Property with 73 of the anomalies generated categorized as High-Priority by MPH. A total of 1,695 line-kilometers were flown in 2006 by Fugro with ~E-W 100 meter line-spacing. Single-sensor Magnetic and five-sensor Electromagnetic data were collected. The report states the airborne geophysical data is of excellent quality.

MPH Consulting Ltd. (MPH) interpreted the 2006 Fugro airborne survey data earlier this year and their report far exceeded management's expectations as MPH identified 39 magnetic anomalies conforming to an idealized Lac de Gras-style intrusive diatreme (16 ranked as A and 23 as B plus). There were another 34

electromagnetic anomalies (10 ranked as A and 24 as B plus) again conforming to an idealized diatreme model -- prime contexts for the possibility of diamond-bearing kimberlites.

The LI 201 kimberlite produced 14 macrodiamonds and 46 microdiamonds from a previous drill program in the 1990 s and is contained within a cluster of seven anomalies that the 1500 meter drill program will test this year.

Location

See map on page 43 for the location of the Fry Inlet Diamond property.

The Fry Inlet Diamond Property is located approximately 360 km north-northeast of Yellowknife centred at approximately 65º 15 N latitude and 110º57 W longitude. The claims are immediately to the west of Fry Inlet Lake, directly 25 km east of the Ranch lake kimberlite, consisting of 42 contiguous mineral claims covering 37,173 hectares.

The Fry Inlet Diamond Property, which hosts two documented kimberlites LI-201 and T-31, comprises the TML1 to TML12, TML16 to TML 20, PQ1 to PQ16, and PQ18 to PQ26 mineral claims. The property is located approximately 360 km north-northeast of the city of Yellowknife, Northwest Territories. The LI-201 and T-31 kimberlite are located on the TML 2 mineral claims at approximately 65º 15 N latitude and 110º57 W longitude within NTS sheet 76E. Access to the area is from Yellowknife is the main staging area for all operations in this region. Access is via fixed wing aircraft equipped with wheels,

The property is located within the Canadian Arctic tundra, or Barren Lands. For the majority of the year, the area is covered with ice and snow. Summer begins in June, when melting commences and by October winter has returned. Temperatures range from highs of around 25ºC during the brief summer months, to winter lows of -45ºC which are often magnified by strong, constant winds. Daylight varies from nearly 24 hours in the summer to only a few hours per day during the winter.

The percentage of outcrop averages from about 25% to around 35%. Frost-heave and/or shattered subcrop is common. Flat to undulose muskeg, with or without scattered boulder fields are common. Glaciations has also produced scattered glaciofluvial landforms such as eskers, braided esker complexes and deltas, outwash plains, boulder fields and alluvial fans

Approximately 20 to 25% of the property is covered by lakes. River systems are juvenile and not deeply incised. Water levels vary greatly with the season; they are highest during spring runoff and almost dry at the end of summer.

Caribou, wolves, foxes, Arctic hares, ptarmigan, wolverines, ground squirrels and grizzly bears are native to the area. Muskoxen are occasionally seen. Most of the larger lakes contain fish and support bird life.

History

The Fry Inlet property is located approximately 360 km north-northeast of Yellowknife at approximately 65º 15 N latitude and 110º 57 W longitude. The claims are immediately to the west of Fry Inlet Lake and directly 25 km east of the Ranch lake kimberlite and 25 km north of the BHP Billiton Diamonds Inc Ekati Mine property.

There is no record of exploration on the Fry Inlet Diamond property for commodities other than diamonds. The property has been the subject of diamond exploration since the early 1990 s. The LI-201 diamondiferous kimberlite was discovered on the property and numerous others occur on the claims to the south, west and east of the property.

The Fry Inlet Diamond property is located within the Archean Slave Structural Province and is predominantly underlain by Archean supracrustal metasedimentary schists and gneisses and minor metavolcanic rocks intruded by later granitiod plutons.

The Fry Inlet Diamond property is host to two documented kimberlites LI-201 and T-31. A search of the open file assessment reports indicates that portions of the property were previously explored by Kennecott Canada Exploration, Lytton Minerals, New Dolloy Varden, Benachee Resources and Inukshuk Capital. Past exploration programs included regional and detailed till sampling, airborne and ground geophysics, and drilling. The property lies within a diamondiferous kimberlite field. Less than one kilometre off the property to the south is the Vega kimberlite and seven kilometres east of the property is the DIA-1 kimberlite.

Till Sampling

Previous operators till exploration programs focused on the east and west portions of the Fry Inlet Diamond property. Based on the previously released results there are areas of unresolved indicator anomalies, which are found in the north-western part of the property. Furthermore the centre portion of the property has undergone no reported sampling. These factors indicate that the property has the potential to host another diamondiferous kimberlite.

Geophysical Surveys

Airborne geophysical surveys have been conducted on the property. On the eastern portions, Kennecott flew 8412 Line km of Magnetic/resistivity/ Electromagnetic at 50 m line spacing at 20 meters and Benachee Resources and Inukshuk Capitol flew 18219.3 Line kms of Magnetic and Electromagnetic at 200 m line spacing at 20m height. On the western portion, New Dolly Varden flew 4825 Line kms of Magnetic and Electromagnetic at 200 m line spacing.

More recently the Company completed a 1,695 line kilometers survey flown in 2006 by Fugro Airborne Surveys with ~E-W 100 meter line-spacing. Single-sensor Magnetic and five-sensor Electromagnetic data were collected.

The Report on the Geophysical Data on the Fry Inlet Project, Lac de Gras, NWT, Canada by Jeremy S. Brett, M.Sc., P.Geo., MPH Consulting Limited (MPH) has identified 39 Magnetic anomalies conforming to an idealized Lac de Gras style intrusive diatreme (16 ranked as A and 23 as B+). There were another 34 Electromagnetic anomalies (10 ranked as A and 24 as B+) again conforming to an idealized diatreme model prime contexts for the possibility of diamond bearing kimberlites.

2007 Drill Program

Anglo Swiss Resources drilled a cluster of 7 targets including the significantly diamondiferous LI-201 kimberlite in August of 2007. Drilling on the LI-201 kimberlite was carried out over the period Aug. 22 to Sept. 19, 2007. The drilling program consisted of five core holes, totaling 421.6 metres (1,383.2 feet). Two of the drill holes contained intercepts of LI-201 kimberlite. Drill holes Y07-04 and Y07-05 intersected kimberlite totaling 20.25 metres and 14.75 metres, respectively. The material sampled from these two drill holes had a combined weight of 58.0 kilograms, and was obtained from six separate subsamples of split NQ-size drill core. The samples were sent to C.F. Minerals Research Ltd., of Kelowna, B.C., for processing and indicator mineral and microdiamond recovery, and a total of 30 diamonds were recovered. The "Diamond distribution in CIM square mesh sieve classes" table shows the stone size distribution for the combined sample.

DIAMOND DISTRIBUTION IN CIM SQUARE MESH SIEVE CLASSES (MM)

Combined weight(kg)	0.106 sieve	0.15 sieve	0.212 sieve	0.3 sieve	0.425 sieve	0.6 sieve	Total

58

7 9 1 17

Note: Thirteen additional microdiamonds passed through a 0.106-millimetre square mesh sieve for a total diamond count of 30 microdiamonds. In total, 17 diamonds greater than 0.106 mm have been recovered, which equates to 293 diamonds (more than 0.106 mm) per tonne of kimberlite.

The drill program tested geophysical targets as well as to confirm the location and nature of the previously discovered LI-201 kimberlite. Due to continuing mechanical problems throughout the drill program, and with the onset of winter conditions, the drilling program was considerably reduced from its originally intended 1,500-metre program.

The results obtained from the latest study confirm the diamondiferous nature of the LI-201 kimberlite. The company has conducted airborne geophysics over the body and believes that potential exists for additional phases of kimberlite beyond the area of the current drill intersections. Additional work on the compositions of the indicator mineral recovered and analyzed by C.F. Minerals from LI-201 is currently being carried out by Mineral Services Canada Inc. of North Vancouver, B.C. Mineral Services Canada Inc. will be retained to carry out interpretive studies pertaining to future diamond exploration programs by Anglo Swiss.

With only four drill holes that have intersected the LI-201 kimberlite (two by Kennecott and two by Anglo Swiss) over a small area (50 m by 75 m), the overall size and nature of the kimberlite zone requires further evaluation and testing. Anglo Swiss is in the third year of a five-year option agreement with New Shoshoni Ventures Ltd. that allows Anglo Swiss to earn a 60-per-cent interest in the Fry Inlet property be incurring $6.2-million in exploration expenditures.

This pipe also produced 14 macrodiamonds and 46 microdiamonds from a previous drill program in the 1990 s. Kennecott tested 281 kilograms of rock and found just 60 diamonds, but that could be misleading. Kennecott limits its diamond recoveries to stones larger than a 0.15 millimetre cut-off, a significantly larger limit than most other labs employ. As well, 14 of the stones measured longer than 0.5 millimetre in one dimension, and one was large enough to sit on a one-millimetre sieve. That sparks hope that the body could contain larger stones.

The Company plans to have Fugro survey the western portion of the Fry Inlet Property, ~ 2,398 line-kilometers, as there also appears to be a cluster-like assemblage of 5 targets to the north-west with 7 indicator mineral trains (KIM s) apparent. The trains appear to be dominated by eclogitic garnet and picroilme Initial field work consisting of a detailed airborne geophysical survey of the eastern portion of the property has been commissioned to Fugro Airborne Surveys Corp in February, 2006. A total of 1,695 line-kilometers were flown during this survey along parallel flight lines spaced 100 meters apart. This program will re-evaluate the known diamondiferous kimberlite and evaluate the remainder of the claim block for potential sources of anomalous KIM s present locally.

The region has undergone several major periods of glaciation; however, only one till sheet can be recognized. At least 3 different ice directions have been recorded in the area, but the last, which was to the northwest, appears to be dominant.

Regional Geology

The Fry Inlet Diamond claims are within the Slave Structural Province of the Northwest Territories, northern Canada, which is an Archean segment of the North American Craton that covers 213,000 km^2. It is composed of granites, gneisses and supracrustal rocks. Sialic basement remnants are well documented in the western part of the Slave Province and include the oldest known rocks in the world, the Acasta gneisses, which have been dated at 4.0 Ga (Bowring and Housch, 1995). Metasedimentary and subordinate metavolcanic rocks of the Yellowknife Supergroup, deposited mainly between 2.71 and 2.61 Ga, dominate the supracrustal sequences. Syn- to post-volcanic granitoid plutons cover approximately 65% of the Slave (Padgham and Fyson, 1992). Four swarms of Proterozoic diabase dykes cut the older units: the dominant

north-northwest trending (330°) Mackenzie swarm (1.27 Ga); the northerly trending (010°) Lac de Gras swarm (2.02 Ga); the east trending MacKay dykes (2.21 Ga); and the northeast trending Malley dykes (2.23 Ga) (LeCheminant and van Breeman, 1994). The Slave Province is a classical setting for diamondiferous kimberlites: a stable Archean craton with, as suggested by seismic tomography, a cool mantle root (Anderson et. al., 1992).

The Slave Province can be subdivided isotopically into an eastern and a western domain. Lead isotopic compositions for galena from volcanogenic massive sulphides, syn-volcanic veins and breccias are characterized by high $^{207}Pb/^{204}Pb$ ratios in the western part of the Slave Province and by low $^{207}Pb/^{204}Pb$ ratios in the eastern Slave. The high $^{207}Pb/^{204}Pb$ ratios west of the boundary are interpreted to reflect derivation of a significant component of lead from an ancient upper crustal source, whereas the low $^{207}Pb/^{204}Pb$ ratios east of the boundary suggests derivation from a mantle or juvenile crustal source (Thorpe et. al., 1992). Neodymium isotopic studies of supracrustal and granitoid rocks in the Slave Province support this interpretation.

The isotopic subdivision of the Slave Province is supported by the observation that Mesoarchean granitic and gneissic rocks with zircon U-Pb dates older than the Yellowknife Supergroup sequences have only been identified in the western part of the province (Bleeker and Davis, 1999) and that quartz arenites of circa 2.8 Ga and other supracrustal rocks older than the Yellowknife Supergroup occur only in the western domain. Further support for a distinct difference between the eastern and western Slave Province comes from magnetotelluric studies in the Slave, which indicate, among other things that the lithosphere beneath the western Slave Province is laterally homogeneous, thicker and more resistive than lithosphere to the east (Jones and Ferguson, 1997; Jones et. al., 1997). As well, the western Slave shows no conducting lower crust, which is in contrast to all other Archean cratons, such as the Superior, Kaapvall and Siberian cratons (Jones and Ferguson, 1997).

Kusky (1989) first suggested that the eastern and western parts of the Slave Province represented separate cratons that were accreted during the Archean along an east dipping subduction zone. Kusky (1989) termed the older, western part of the Slave the Anton Terrane and the eastern Slave, the Contwoto Terrane and Hackett River Arc. Current workers (eg. Bleeker and Davis, 1999) support these general subdivisions but use the terms Central and Northwestern Slave Basement Complex for the western Slave instead of Anton Complex, and Eastern Slave Province for the Contwoyto and Hackett terranes.

Recent lithoprobe studies support the accretion concept and suggest that, near surface the main suture is west-dipping with the western Slave (Central Slave Basement Complex) thrust over the Eastern Slave. In the lower crust and upper mantle, east-dipping reflectors delineate a coeval subduction zone and an accretionary wedge with the eastern Slave Province forming and indentor into the western Slave (van der Velden and Cook, 2002).

Kimberlites intrude granites, supracrustal rocks and, in some cases, diabase dykes (Pell, 1995, 1997) in both the eastern and western parts of the Slave Province. To date, all economic and near economic kimberlites, including those at Ekati, Diavik, Gahcho Kué and Jericho are located in the eastern Slave Province. The Snap Lake kimberlite is located near the boundary of the two terranes, but east of Thorpe et. al. s (1992) Pb line.

Subsequent to kimberlite emplacement, the area was covered by Laurentide ice during the Late Wisconsinan glaciation, which climaxed about 20,000 years B.P. and is believed to have retreated about 9000 years ago. Local and regional ice flow patterns show considerable variation and in some areas there appear to have been at least three ice movement directions (Ward et. al., 1996; Dredge et. al. 1994).

Till is the most prominent surficial sediment type in the Slave Geological Province. At a regional scale, till can be divided into thin veneers, blanket deposits up to 10 m thick that include drumlins, and hummocky till up to 30 m thick

(Dredge et. al., 1999). Dredge et. al. (1994) recognized only one till sheet formed by several glacial advances. Three dominant directions were identified, which from oldest to youngest are: southwest, west and west to northwest.

Glaciofluvial deposits, eskers and outwash plains, are also present in the Slave Province. In the Lac de Gras area, eskers are mainly west and northwest trending (Dredge et. al., 1994; 1999).

Property Geology

The Fry Inlet Diamond property is in the Eastern Slave Province (Contwoyto Terrane) and is predominantly underlain by granitic rocks and lesser supracrustal rocks. Syn- to post kinematic 2-mica or k-spar megacrystic granites (<2600 Ma) underlie most of the northern part of the property. Pre- to syn-kinematic biotite and hornblende-rich granitiods (diorites, quartz diorites, tonalities, granodiorites, etc.) occur on the eastern part of the property and as a band across the southwestern part of the claims. Medium grade metaturbidites underlie the southern and southwestern part of the property.

Proterozoic diabase dykes in various orientations intrude the Archean rocks, the most dominant of which is the north-northwest trending (330º) Mackenzie swarm (1.27 Ga).

The claims are covered, to varying degrees, by a veneer of till, the majority of which is basal till and consists of well compacted clays containing angular to subangular clasts and a lesser amount of pebbles and cobbles. Local areas of lodgement till and ablation till are reported on the property. Till thickness is variable. Outcrops comprise between 1 and 25% of the area; in outcrop dominated areas, tills are only preserved in small gullies. In areas of no outcrop, till cover averages from a few centimetres to ten s of metres in thickness. In areas where tills are thicker than one metre, mud boils are commonly to ubiquitously developed. Permafrost is generally found at a depth of 50 to 60 centimetres. Ice directions of 270 to 285º were reported in most of the area.

Mineralization

Diamonds are the high-pressure form of carbon and are produced deep within the earth's mantle, more than 150 kilometers beneath our feet. They have been sought by man for the past two millennia. Diamonds occur in primary (hardrock) and secondary (alluvial and marine placer) deposits. Although diamonds can be found in rocks as varied as high-pressure metamorphic garnet-biotite gneisses and meteorites, the only economically significant primary source rocks known to date are kimberlites and olivine lamproites. Both of these rock types form as magmas deep in the mantle and rapidly rise through it, sampling diamonds along the way. It must be stressed that diamonds do not form in the kimberlite or lamproite, they are simply transported to a level within the earth's crust where we can access them, by these magmas.

Kimberlites are volatile-rich, potassic ultrabasic rocks that commonly exhibit a distinctive inequigranular texture resulting from the presence of macrocrysts (and sometimes megacrysts and xenoliths) set in a fine grained matrix. The megacryst and macrocryst assemblage in kimberlites includes anhedral crystals of olivine, magnesian ilmenite, pyrope garnet, phlogopite, Ti-poor chromite, diopside and enstatite. Some of these phases may be xenocrystic in origin. Matrix minerals include microphenocrysts of olivine and one or more of: monticellite, perovskite, spinel, phlogopite, apatite, and primary carbonate and serpentine (Pell, 1998a).

Lamproites are peralkaline and typically ultrapotassic (6 to 8% K2O). They are characterized by the presence of one or more of the following primary phenocryst and/or groundmass constituents: forsteritic olivine; Ti-rich, Al-poor phlogopite and tetraferriphlogopite; Fe-rich leucite; Ti, K-richterite; diopside; and Fe-rich sanidine. Minor and accessory phases include priderite, apatite, wadeite, perovskite, spinel, ilmenite, armalcolite, shcherbakovite and jeppeite. Glass and mantle derived xenocrysts of olivine, pyrope garnet and chromite may also be present (Pell,

1998b).

Primary economic diamond deposits are more commonly associated with kimberlites than lamproites. From measurements of kimberlite distribution, Janse (1984) observed that kimberlites occur in clusters of up to 50 intrusions, each cluster no more than 40 km across. The distance between clusters is in the order of a hundred to several hundred kilometres. Kennedy (1964) first pointed out that diamondiferous

kimberlites are restricted to cratons. Lamproites more commonly occur off craton, generally in Proterozoic mobile belts.

The model for a single diamond-bearing volcanic system includes a feeder magmatic dyke intrusion, diatreme breccia, an overlying crater with epiclastic reworked sediments and a surrounding ring of pyroclastic ejecta. The size of the crater and the depth, shape and complexity of the diatreme vary considerably. Diamond-bearing magmas are believed to rise along zones of structural weakness. The model commonly used to depict a typical kimberlite pipe is shown in Figure 5.

Permitting

The Company is permitted for a 5 year drill program with respect to the Fry Inlet property through 2010 and a work camp permit for up to 200 man days is in effect for the 2007 exploration season.

Plant & Equipment

Currently, no plant and equipment is situated on the Northwest Territories Properties, owing to their grassroots, early exploration status.

Encumbrances

The Company is not aware of any material encumbrances against its ownership of the Northwest Territories Properties.

Exploration Current Results

Fry Inlet 2009 Exploration

At present, Anglo Swiss is in the planning stages for carrying out a detailed program of ground geophysics that will test the known area of the LI-201 kimberlite and to locate extensions or larger masses related to the known kimberlite zone. The LI-201 kimberlite zone is located on the immediate edge of a small lake. Due to the recessive nature of kimberlite bodies, the small lake may represent a topographic depression caused by partial glacial erosion of a larger hidden body of kimberlite. The known area of the LI-201 kimberlite may represent a linear dike structure of kimberlite emanating from a larger kimberlite body underlying the adjacent lake. Part of the proposed geophysics program will be carried out over the lake area to test the hypothesis of a hidden kimberlite body under the lake.

2009 Airborne Geophysics

The Company also plans to perform airborne geophysics on the western portion of the Fry Inlet Property, ~ 2,398 line-kilometers, as there also appears to be a cluster-like assemblage of 5 targets to the north-west with 7 kimberlite

indicator mineral trains (KIM s) apparent. The trains appear to be dominated by eclogitic garnet and picroilmenite grains. MPH Consulting Ltd. (MPH) will again analyze the flight data and report their findings.

Lac de Gras Group of 5 Claims

(UL 1 through 5 for 12,912 acres - formerly referred to as the Group of 4 Claims) are a 100% interest and located within the Ekati Trend . These claims are located within 10 kilometers of the diamond-bearing Wombat and Wallaby kimberlites where major exploration and definition programs are planned by Archon Minerals/BHP Billiton. The 2005 test of Wombat produced 91 microdiamonds from about 79 kilograms of kimberlite, including 11 stones that sat on a 0.425-millimetre mesh. The entire sample suggested a microdiamond grade of about 0.85 carat per tonne, although an accurate grade will take a much larger test and larger diamonds.

2009 Exploration

Exploration in 2009 will include detailed ground magnetic, ground frequency-domain electromagnetic (HLEM) and gravity grids. Ground penetrating radar data should also be considered to discriminate targets that are overlain by water. These data could possibly be used to discriminate the presence of porous kimberlitic material or structural features beneath lake-bottom clays and will include airborne geophysics and surface exploration similar to the Fry Inlet property.

ITEM 5.

OPERATING AND FINANCIAL REVIEW AND PROSPECTS

A.

Operating results

The following discussion of the financial condition, changes in financial condition and results of operations of the Company for the years ended December 31, 2008 and prior, should be read in conjunction with the financial statements of the Company and related notes included therein. The Company s financial statements are in Canadian dollars and are prepared in accordance with accounting principles generally accepted in Canada (Canadian GAAP). Note 11 of the financial statements of the Company, as well as Material Differences between Canadian and U.S. Generally Accepted Accounting Principles , below, set forth the significant measurement differences were such information to be presented in accordance with United States generally accepted accounting principles (U.S. GAAP).

The Company is in the business of the acquisition, exploration, exploration management and purchase of mineral properties, with the primary aim of developing them to a stage where the Company can exploit them profitably. The Company also has advanced its properties through partnerships, whereby proven companies manage the property with expertise in developing, designing and operating the extraction of mineral resources. At that stage, the Company s operations would, to some degree, be dependent on the prevailing market prices for any of the minerals produced by such operations.

The Company currently does not have any producing properties and its current operations on its various properties are in the exploration stages, working towards establishing economic concentrations of minerals. Before, during and after the fiscal year ended December 31, 2008, the Company was engaged in continued exploration of its Kenville Mine Property, The Fry Inlet and URL Diamond claims, the Blu Starr Gemstone Property, and the McAllister Pipe Property all located in British Columbia. The Company s future mineral exploration and mining activities may be affected in varying degrees by prevailing market prices, political stability and government regulations, the success of existing joint venture partners, all of which are beyond the control of the Company.

Fiscal Year ended December 31, 2008 Compared to Fiscal Year Ended December 31, 2007

During the fiscal year ended December 31, 2008, total assets decreased slightly to $9.55 million from $9.7 million as of December 31, 2007 due to a decrease in working capital as the Company was very active on the development and exploration of the Kenville Gold Mine property. The net income or loss experienced by Anglo Swiss is subject to extremely wide variations arising from such matters as property write-downs and disposition and charges for stock-based compensations. These non-cash charges are subject to variations from year to year.

Anglo Swiss s general and administrative expenses have increased substantially over the last two years as the Company initiated both large exploration programs and expansion of the mill facility on the Kenville Gold Mine property. G&A for the years ended December 31, 2008, 2007 and 2006 are $1,354,477, $1,032,750 and $310,205 respectively.

The largest increases incurred during the year ended December 31, 2008 were in three areas. The Company during 2008 recorded a $59,412 charge to Revenue Canada due to the renunciation of exploration expense using the look back rule from a flow through share offering in 2007. The Company also spent $53,907 on its sand and gravel operations for the first time as this resource has been proven in 2008 under the NI 43-

101 reporting guidelines. Shareholder and Investor Relations increased to $528,448 in 2008 compared to $283,032 during 2007. The Company in 2008 was extremely active in promotion utilising both trade show venues, web awareness campaigns and investor relation companies in both Canada and the United States.

The Company has taken advantage of the increased interest in the mining sector in recent years; raising funds through private placements and becoming more active in property exploration, and the related expenses in filing fees and increasing the investor relations budget over the last two years.

At December 31, 2008 the Company had working capital of $36,851. Based on its existing working capital, the Company does not have sufficient funds to meet its general and administrative expenses and continue the exploration of its two key properties through 2009. The Company has initially addressed this in the first quarter of 2009 by settling outstanding debt of $474,940.03 and raising $333,000 in a private placement.

At December 31, 2008 Anglo Swiss had paid up capital of $18,451,320 representing 107,932,837 common shares without par value, and an accumulated deficit of $12,956,899, resulting in a shareholder s equity (or net assets) of $8,749,967 (2007 - $9,182,444). Anglo Swiss had working capital of $3,828,978 at December 31, 2007 and a working capital deficiency of $455,069 at December 31, 2006.

Anglo Swiss total assets consist of cash and short-term deposits plus its resource property costs. Cash resources at year end 2008 were $400,410 compared to year ended 2007 of $4,117,434. On January 1, 2004, the company adopted the fair value-based method of accounting for stock options granted to employees, directors and non-employees.

Fiscal Year ended December 31, 2007 Compared to Fiscal Year Ended December 31, 2006

During the fiscal year ended December 31, 2007, total assets increased to $9.7 million from $5.4 million at December 31, 2006 due to an increase in working capital due to four private placements completed within the period for $6,068,063. The Company also received $551,515 from options and warrants being exercised. The net income or loss experienced by Anglo Swiss is subject to extremely wide variations arising from such matters as property write-downs and disposition and charges for stock-based compensations. These non-cash charges are subject to variations from year to year.

Anglo Swiss s general and administrative cash expenses have been fairly consistent over the previous years, although in 2007 the Company incurred $1,032,750 in G&A. Previous years the G&A expenses incurred were $310,205 in 2006, $267,293 in 2005 and $279,816 in 2004. This has increased in 2007 to $1,032,750 due to the aggressive exploration programs undertaken during this period and their related expenses. Management was also very successful in raising working capital and exploration funds in 2007. This statement demonstrates the Company s ability to raise the necessary funding to pursue our exploration targets and to administer the Company while doing so.

The largest increases incurred during the year ended December 31, 2007 were in Consulting fees -$216,000 in 2007 compared to $60,000 in 2006; depreciation of $253,670 in 2007 compared to $4,083; professional fees increased to $136,351 in 2007 compared to $38,121 and finally Shareholder s information increased to $283,032 in 2007 compared

to $48,506.

The Company was able to take advantage of the increased interest in the mining sector in recent years; raising funds through private placements and becoming more active in property exploration and the related expenses in filing fees and increasing the investor relations budget over the last two years. This has also been reflected in the value of the publically traded shares which has increase over 400% during 2007. Anglo Swiss total assets consist of cash and short-term deposits plus its resource property costs. Cash resources at year end 2007 was $4,151,934 compared to year ended 2006 of $64,871.

Because of the significant financings completed in 2007, Anglo Swiss is now well funded, with net cash and cash equivalents of $4,117,434 and $535,179 in current liabilities and no long term debt.

Fiscal Year ended December 31, 2006 Compared to Fiscal Year Ended December 31, 2005

The Company s loss over the past three years results from general and administration expenses, stock based compensation expensed and write offs of the deferred exploration costs attributed to the McAllister Group of claims as previously discussed. On January 1, 2004, the company adopted the fair value-based method of accounting for stock options granted to employees, directors and non-employees.

Anglo Swiss s general and administrative expenses have been fairly consistent over the three year period, incurring $310,205 in 2006 and $267,293 in 2005 and $279,816 in 2004; showing an approximate increase of 10% in 2006 which is related to the costs incurred to the acquisitions in the NWT. The Company was able to take advantage of the increased interest in the mining sector in recent years; raising funds through private placements and becoming more active in property acquisitions, and the related expenses in filing fees and increasing the investor relations budget over the last two years.

Shareholder s information expense in 2006 was $48,506 compared to $40,113 for the year end 2005. The Company was more active starting in 2005 in all investor relations departments, taking advantage of the new interest in the market place for mining and junior mining companies after many years of disinterest. The Company among other things redesigned its website, built power point presentations and advertised in industry print media of the opportunities these properties offer.

Travel and promotion activities were $9,072 and $10,945 in 2006 and 2005 respectively. The Company did not attend any mining conferences during the past two years but is considering the benefits for the current year as results from exploration programs are received. Filing fees related to financings, option grants and property acquisitions were also higher for the years 2006 and 2005 -$27,224 and $28,571 than previous years a result of the increased activity of the Company within the mining sector.

Professional fees for the year ended 2006 were $38,121 compared to the 2005 fiscal year of $71,621, the 2005 year was increased largely due to legal fees (50% of which has been capitalized to the Kenville and Blu Starr properties) being accrued.

Anglo Swiss total assets consist of cash and short-term deposits plus its resource property costs. Cash resources at year end 2006 were $64,871 compared to $603,639 at year end in 2005. A private placement was completed in April 2007 of $500,000.

The Company s resource properties plus the plant and equipment at the Kenville Mine property, are carried at $5,321,363 compared to $4,813,133 at year-end 2005. The increase is a result of the acquisitions of the diamond properties in the NWT, Canada.

The current liabilities outstanding at December 31, 2006 increased to $551,299 compared to $468,278 at December 31, 2005. At year end 2006 the Company had a deficit of $455,069 compared to working capital of $153,366 for the 2005 year end. Amounts due to related parties increased from $293,110 to $328,620 at December 31, 2005 and 2006 respectively, as previously discussed.

General exploration expenses for the fiscal year ended December 31, 2006 and 2005 were $8,743 and $8,753 respectively compared to $7,366 for the fiscal year ended December 31, 2004. The bulk of exploration costs were attributed to the annual work required on the placer mineral claims on the Blu Starr property. The Company believes it has minimal risk in losing any of its mineral claims as they are all in good standing up to 2016 at the Kenville Mine property and 2007 to 2011 on the Blu Starr property. The Company does have to incur approximately $7,500 to keep the placer claims located on the Blu Starr property in good standing during the current fiscal year.

The acquisition of the diamond properties in the NWT will require work each year to keep the claims in good standing. Work programs are being designed to meet the requirements on all the properties held in the NWT, a rough figure is $2 per acre per year.

Anglo Swiss total assets consist of cash and short-term deposits plus its resource property costs. Cash resources at 2006 year-end were only $64,871 compared to $603,369 at year end 2005 with the close of the private placement due to the private placement completed on December 29, 2005 of $734,700. The

Company received $160,000 in the fourth quarter of 2005 as directors exercised 1,600,000 options at $0.10 per share. The balance of its resource properties and the plant and equipment at the Kenville Mine property, is $5,321,363 at December 31, 2006 and $4,813,133 at year-end 2005 compared to $3,766,484 at year-end 2004.

At December 31, 2006 Anglo Swiss had paid up capital of $13,314,402 (69,252,688 common shares) and in 2005 $13,216,707 (67,402,688 common shares). The deficit in 2006 was $9,649,616 and a deficit of $8,962,155 in 2005, resulting in a shareholder s equity (or net assets) of $4,885,094 for year end 2006, $4,985,299 for year end 2005 and in 2004 - $3,645,071. Anglo Swiss had a working capital deficit of ($455,069) at December 31, 2006 and working capital of $153,366 at December 31, 2005 and a working capital deficiency of ($140,213) at December 31, 2004.

On December 29, 2006, the company closed a private placement for 855,000 units at $0.10/unit for gross proceeds of $85,000. Each unit consisted of one flow through share and one/half warrant to purchase an additional flow through share at $0.20 for a one year period expiring on December 29, 2007.

In December of 2005 the company closed a private placement for 1,224,500 units at $0.60/unit for gross proceeds of $734,700. Each unit comprises one non flow-through common share (1,224,500 shares), five flow-through common shares (6,122,500 shares) and one share purchase warrant, entitling the holder to purchase an additional common share for $0.22 for a two-year period expiring on December 29, 2007. There were 7,447,000 common shares issued as part of this private placement which included 100,000 shares paid as share issue costs. During the year ended 2005, 8,350,000 common shares were issued for a total of $840,750 to purchase mineral claims for diamond exploration in the Northwest Territories.

Anglo Swiss has accounts payable and accrued liabilities of $188,442 at December 31, 2006 and $153,156 at December 31, 2005 (2004 - $136,824) due to directors and organizations controlled by directors. The Company incurred consulting fees of $60,000 in the year ended December 31, 2006 (2005/2004 - $60,000) for management services provided by directors and officers or organizations controlled by such parties.

Included in accounts payable and accrued liabilities is $139,954 ($324 - 2006) to a law firm in which an officer is a partner of the firm during the year ended December 31, 2005.

The net loss for the fiscal year ended December 31, 2006 was $791,439 or 0.01 per share compared to $482,478 or $0.01 per share as compared to a net loss for the fiscal year ended December 31, 2005 and in 2004, $427,123 or $0.01 per share. The options expensed for the 2006 year was $481,234, 2005/$177,026 and $147,307 in 2004. Options set to directors, officers and consultants to the Company attributing to the loss for the current year.

B.

Liquidity and Capital Resources

In management s view given the nature of the Company s activities, which consists of the acquisition, exploration, exploration management and purchase of mineral properties, the most meaningful and material financial information concerning the Company relates to its current liquidity and capital resources. The Company currently does not have any producing properties and its current operations on its various properties are in the exploration stages and have not derived any revenues from the sale of gold, gemstones or any other materials in the last three years. Before, during and after the fiscal year ended December 31, 2008, the Company was engaged in continued exploration of its diamond, gold and precious/semi-precious gemstone properties, located in the Northwest Territories and south-eastern British Columbia. As a result, the Company s future mineral exploration and mining activities may be affected in varying degrees by prevailing market prices, political stability and government regulations, the success of existing or future partners, all of which are beyond the control of the Company.

The Company s mineral exploration activities have been funded through the sales of common shares, and while the Company has also been successful in continuing development and exploration of its properties, there is no assurance that these trends will continue indefinitely. The ongoing general and administrative

obligations are dependent on financings as well and the Company expects to continue to utilize this source of funding until it develops cash flow from its operations. There can be no assurance, however, that the Company will be able to obtain the required financing in the future on acceptable terms, or at all.

At December 31, 2008 the Company had working capital of $36,851. Based on its existing working capital, the Company does not have sufficient funds to meet its general and administrative expenses and continue the exploration of its two key properties through 2009. As previously discussed the Company completed a private placement in Q1 of 2009 and is undertaking another financing at the time of this report.

At December 31, 2008 Anglo Swiss had paid up capital of $18,451,320 representing 107,932,837 common shares without par value, and an accumulated deficit of $12,956,899, resulting in a shareholder s equity (or net assets) of $8,749,967 (2007 - $9,182,444). Anglo Swiss had working capital of $3,828,978 at December 31, 2007 and a working capital deficiency of $455,069 at December 31, 2006.

Management reviews the carrying value of the Company s interest in each mineral property at least annually to consider whether there are any conditions that may indicate impairment. Where estimates of future cash flows are not available and where exploration results or other information suggests an impairment has occurred, management assesses whether the carrying value can be recovered. Costs relating to properties abandoned are written off when the decision to abandon is made.

In lieu of the Company s decision to focus on the Fry Inlet property and URL claim group in the Lac de Gras region of Canada s Northwest Territories for diamond exploration the Company has dropped the PQ Claim group, the MS Claim Group (Falcon Bay), and the Till Claims (Fishing Lake) which resulted in an aggregate write-down of $986,101 in the year ended 2007.

The Option Joint Venture Agreement on the Kenville property expired effective September 5, 2006. The Company has received all anniversary payments; the last was paid prior to August 29, 2005. The Company has received $100,000 in this regard, which is non-refundable. The Company has disputed the alleged expenditures pertaining to the 2005/2006 work programs. An audit was ordered under the terms of the Agreement but it was unable to determine the expenditures incurred as the Optionees refused to comply with the Audit. The Company is defending its 100% ownership of the Kenville property and is aggressively exploring this property in 2007 through 2008.

Management plans to continue to raise equity funding and work with joint venture partners to further advance its projects. While the company has been successful in raising funds in the past, there can be no assurance that it will be able to do so in the future.

The Company believes that there is minimal risk in losing any of its mineral claims as they are all in good standing up to 2016 at the Kenville Mine property and 2010 to 2011 on the Blu Starr property. The Company does have to incur approximately $7,500 to keep the placer claims located on the Blu Starr property in good standing during the current year and about half that amount annually to retain the McAllister property.

The diamond properties held in the NWT require annual expenditures of approximately $2 per acre and the Company intends to perform the required work or post a bond in lieu of. The Company has over its more recent years advanced its properties through partners who incurred exploration expenditures on the Company s properties under the terms of their option agreements and may utilise partners to advance some of the properties held in the NWT as well. The Company s work report on the Fry Inlet property has recently been accepted and all the mineral claims are in good standing through 2012.

While the Company has been successful in raising the necessary funds to finance its exploration activities to-date, there can be no assurance that it will be able to continue to do so. Accordingly, there may be some doubt about the ability of the Company to continue as a going concern.

If such funds are not available or cannot be obtained and its partnership arrangements are insufficient to cover the costs of the Company s mineral exploration activities, the Company will be forced to further curtail its exploration activities to a level for which funding is available or can be obtained.

Other than as discussed herein, the Company is not aware of any trends, demands, commitments, events or uncertainties that may result in the Company s liquidity either materially increasing or decreasing at present or in the foreseeable future. Material increases or decreases in the Company s liquidity will be substantially determined by the success for failure of its exploration programs on its properties.

Fiscal Year ended December 31, 2008 Compared to Fiscal Year Ended December 31, 2007.

As at December 31, 2008 the Company s current cash assets totalled $642,700 compared to $4,151,934 at December 31, 2007. The Company had working capital of $36,851 at year end 2008 compared to $3,828,978 for 2007. Based on its existing working capital, the Company does not have sufficient funds to meet its general and administrative expenses and continue the exploration of its two key properties through 2009. The Company has initially addressed this in the first quarter of 2009 by settling outstanding debt of $474,940.03 and raising $333,000 in a private placement.

The current liabilities (accounts payable and accrued liabilities) at December 31, 2008 increased to $805,064 compared to $535,179 at December 31, 2007. The Company settled an outstanding debt in Q1 of 2009 for $474,940.03 and raised $333,000 in a private placement. Included in the current liabilities at December 31, 2008 were $32,654, while at year end 2007 $311,282 was due to related parties (directors and a law firm to which an officer of the Company is a partner in). Accrued liabilities consists principally of accounting/audit costs $23,500, a charge for BC Capital Tax of $75,300, and the annual property taxes of $7,289 on the surface rights owned at the Kenville.

The Company s working capital decreased to $36,851 compared to $3,828,978 at year end December 31, 2007. The Company incurred major expenses at its Kenville Gold Mine property in 2008 of $2,911,376 in exploration expenses and approximately $400,000 on expanding the Mill facility. The Company also raised $740,000 from the issuance of shares and warrants in 2008 compared to $6,619,579 in 2007. As a result share capital at December 31, 2008 showed $18,451,320 compared to $18,866,832 in share capital at December 31, 2007.

The Company s largest cash outflow other than exploration and development costs associated with the Kenville Gold Mine property continues to be the ongoing general and administrative expense for the years, which at December 31, 2008 were $1,354,477 and $1,032,750 for the year ended December 31, 2007. The G&A expenses do not include non-cash items of $671,990 and $338,941 for stock-based compensation charges for the 2008 and 2007 years respectively and a $98,101 write down in 2007 of various diamond properties in the NWT of Canada.

Material Differences between Canadian and United States Generally Accepted Accounting Principles.

The Company prepares its financial statements in accordance with accounting principals generally accepted in Canada (Canadian GAAP), which differs in certain respects from those principles that the company would have followed had its financial statements been prepared in accordance with accounting principles generally accepted in the United States (U.S. GAAP).

Fiscal Year ended December 31, 2007 Compared to Fiscal Year Ended December 31, 2006.

As at December 31, 2007 the Company s current cash assets totalled $64,871 and carried a working capital of $3,828,978. In 2006 the Company had cash assets of $64,871 at the year end December 31, 2006 and a deficit of $455,069. The Company completed four private placements in 2007 for $6,068,063.

The current liabilities (accounts payable and accrued liabilities) at December 31, 2007 decreased slightly to $535,179 from $551,299 in 2007. Related parties (directors and a law firm to which an officer of the Company is a partner in) increased to $389,280 (2006 - $328,620). The Company has no long term debt.

Share capital increased in 2007 due to the four private placement and the exercise of warrants and options for $6,619,579 at $0.10 to $0.475 per share to $18,866,832. At December 31, 2006 the Company showed $13,314,402 in share capital.

The Company s largest cash outflow continues to be the ongoing general and administrative expense over the years. Anglo Swiss s G&A cash expenses have been fairly consistent over the previous years, although in 2007 the Company incurred $1,032,750 in G&A. Previous years the G&A expenses incurred were $310,205 in 2006, $267,293 in 2005 and $279,816 in 2004. This has increased in 2007 to $1,032,750 due to the aggressive exploration programs undertaken during this period and their related expenses. Management was also very successful in raising working capital and exploration funds in 2007. This statement demonstrates the Company s ability to raise the necessary funding to pursue our exploration targets and to administer the Company while doing so.

The largest increases incurred during the year ended December 31, 2007 were in Consulting fees -$216,000 in 2007 compared to $60,000 in 2006; depreciation of $253,670 in 2007 compared to $4,083; professional fees increased to $136,351 in 2007 compared to $38,121 and finally Shareholder s information increased to $283,032 in 2007 compared to $48,506.

The G&A expenses over this period do not include non-cash items of $338,032 and $481,234 for stock-based compensation for 2007 and 2006 year ends and a $986,101 charge in 2007 for the write down of the NWT diamond properties as the Company focused its exploration on the Fry Inlet and URL group of claims. The Company expects to continue to advance its exploration properties through sourcing partners, thereby conserving its limited working capital.

Fiscal Year ended December 31, 2006 Compared to Fiscal Year Ended December 31, 2005.

As at December 31, 2006 the Company s current cash assets totalled $64,871 and carried a working capital deficit of $455,069. In 2005 the Company had cash assets of $603,369 compared to $167,735 at December 31, 2004. The Company realised three separate sources of cash over this period, the $35,000 anniversary payments ($35,000 per year in 2005 and 2004) from the Option Joint Venture Agreement in place at the Kenville property ; gross proceeds of $160,000 from directors exercising options in 2005; and a private placement of $734,700 in 2005 and a smaller financing or $85,000 in 2006.

The current liabilities (accounts payable and accrued liabilities) at December 31, 2006 increased to $551,299 from $468,278 in 2005 as related parties (directors and a law firm to which an officer of the Company is a partner in) increased to $328,620 (2005 - $293,010).

Accounts payable at year end was $30,839 and accrued liabilities were $191,843 consists principally of accounting/audit fees of $19,000, $50,656 accrued for non-renounced expenditures of the 2005 flow through

placement during 2006. The Company in 2006, 2005 and 2004 has accrued a charge for BC Capital Tax of $75,300, annual property taxes of $7,722 on the surface rights owned at the Kenville and a $39,165 charge in respect to stumpage fees owed to the BC Ministry of Provincial Revenue by a mill during the logging at the Kenville property in 2004. The mill deducted the stumpage fee but to-date has not submitted the balance owed to the ministry.

The Company s working capital decreased in 2006 to a deficit of ($455,069), 2005 had working capital of $153,366 compared to a deficit of $140,213 at year end December 31, 2004. Share capital increased in 2006 due to the private placement of $85,000 at $0.10 per share and $125,000 for shares issued for mineral property acquisitions to $13,314,402. December 31, 2005 showed $13,216,707 and 2004 - $11,545,745 in share capital.

The Company s largest cash outflow continues to be the ongoing general and administrative expense for the years, December 31, 2006 at $310,205, 2005 at $267,293 and $279,816 for the year ended December 31, 2004. The G&A expenses over this period do not include non-cash items of $481,234, $177,026 and $147,307 for stock-based compensation for the 2006, 2005 and 2004 years respectively and a $38,159 charge in 2005 for the final write down of the McAllister mineral properties. The Company expects to

continue to advance its exploration properties through sourcing partners, thereby conserving its limited working capital.

Resource property and exploration costs

For U.S. GAAP purposes, the Company expenses exploration and acquisition costs incurred relating to unproven mineral properties. When proven and probable reserves are determined for a property, subsequent exploration and development costs of the property are capitalized. The capitalized costs of such properties are assessed periodically to ensure that the carrying value can be recovered on an undiscounted cash flow basis. If the carrying value cannot be recovered on this basis, the mineral properties are written down to fair value on a discounted cash flow basis.

Under U.S. GAAP, deferred exploration costs are written off as incurred. Had the Company presented its financial statements in accordance with U.S. GAAP, its loss for the fiscal years ended December 31, 2008, 2007, and 2006 would have been $4,189,310, 2,591,843 and $1,197,852 respectively.

Outlook

For the remainder of the fiscal year ending December 31, 2009, the Company s activities will focus primarily on the Kenville Gold Mine property in south-eastern British Columbia.

NWT Diamond Claims

At present, Anglo Swiss is in the planning stages for carrying out a detailed program of ground geophysics that will test the known area of the LI-201 kimberlite and to locate extensions or larger masses related to the known kimberlite zone. The LI-201 kimberlite zone is located on the immediate edge of a small lake. Due to the recessive nature of kimberlite bodies, the small lake may represent a topographic depression caused by partial glacial erosion of a larger hidden body of kimberlite. The known area of the LI-201 kimberlite may represent a linear dike structure of kimberlite emanating from a larger kimberlite body underlying the adjacent lake. Part of the proposed geophysics program will be carried out over the lake area to test the hypothesis of a hidden kimberlite body under the lake.

Kenville Gold Mine property

2008 Exploration

The Company drilled in two separate areas of the Kenville property in 2008. The First drill program was on the western portion of the property. The program was successful with strong initial assay results from multiple high-grade gold and silver intercepts in several newly discovered mineralized quartz veins. During the 2008 drill program, the vein system has been traced for at least **700 meters** through the western side of the 100% owned Kenville Mine property.

Assay highlights of 5 mineralized quartz vein intercepts from multiple high-grade intervals from the first 28 drill holes (totaling 8530 meters) include:

* **205.0 g/t gold** over 0.3 meters with 182.0 g/t silver & 0.52% copper in Hole AK08-15;

* **115.0 g/t gold** over 0.25 meters with 82.2 g/t silver and 1.61% copper in Hole AK08-17;

* **44.7 g/t gold** over 0.5 meters with 90.3 g/t silver and 0.26% copper in Hole AK08-07;

* **29.2 g/t gold** over 0.32 meters with 54.3 g/t silver and 1.05% copper in Hole AK08-18;

* **10.07 g/t gold** over 1.22 meters with 8.43 g/t silver in Hole AK08-24

Geological interpretation has also recognized a fracture or shear zone that approximately parallels the trend of the high grade quartz veins and like the quartz vein system, can be traced for approximately **700 meters**, throughout the west side of the property. The fracture zone is variable in width between approximately **4.5 to 9.95 meters**, containing copper grades from **0.49% to 1.53% copper** (+/- silver, molybdenum and gold).

Five different drill hole intersections throughout the length of the shear zone resulted in an average copper grade of **0.94 % copper**. Further details of this mineralized fracture zone as well as related widespread disseminated or porphyry style copper mineralization will be summarized in a future press release.

Please refer to the company website to view a table summarizing assay results for the more significant gold-bearing quartz vein intercepts at www.anglo-swiss.com. An accompanying drill hole location map can also be viewed on the website. A complete table of assays will be posted upon receipt of all final assay reports.

Leonard Danard, CEO of Anglo Swiss Resources Inc. said, The Company is highly encouraged by the presence of at least 4 newly discovered high grade quartz veins carrying spectacular gold, silver and copper grades. While there is substantial work and completion planning to be done by the Company, we are enthusiastic about the initial assay results. The results are highly correlative with previous successful drilling at the Kenville Gold Mine property, and we have every reason to expect a significant upside to what is already known for the high-quality Kenville Gold Mine property. The Company is confident that continued exploration will advance this property towards identifying a major resource

The newly discovered veins on the west side of the property trend northwesterly and dip at around 45 to 60 degrees to the northeast. This vein orientation is consistent with that of the known veins of the adjoining Kenville Gold Mine. Due to the pinch and swell nature of the gold-bearing Kenville veins, vein widths may vary between 0.2 meters to 1.0 meters, but recognized veins within the Kenville Mine can reach widths of up to 2 meters. The highest gold values are generally associated with discrete well-mineralized quartz veins, dominated by heavy clots of pyrite, with lesser concentrations of chalcopyrite, galena and sphalerite. Visible gold has been seen in many of the higher grade vein intercepts, with high gold and silver values showing a strong correlation with variable concentrations of galena +/- sphalerite. Higher-grade vein intervals are also being assayed for tungsten, as scheelite has been observed in a number of the veins.

The second phase of drilling was on the eastern portion of the property which hosts the historic workings of the Kenville Gold Mine. A total of 5,528.15 meters of diamond drilling was carried out on the eastern flank and extensions of the underground Kenville Mine workings, with the drilling of 17 drill holes (AK08-29 to AK08-45). See table below.

The 2008 drill program was the largest drill program incurred on the Kenville Mine property for over half a century said Len Danard, President and CEO. One of the most exciting results of the program is the discovery of at least 4 new high-grade quartz gold veins lying on the west side of the property. This newly discovered high grade gold vein

system, which can be traced for at least 700 metres, represents a potential new gold + silver resource on the Kenville property .

Of the 17 holes drilled from the eastern-Kenville Mine side of the property, 12 holes had at least one significant gold (+/- silver) intercept (> 3 g/t Au) and two of the holes (AK08-36, AK08-37) had up to 4 individual significant gold vein intercepts per hole. Please review the enclosed table for the complete list of the assays.

There were 26 gold intercepts exceeding 3 grams per tonne, with 16 values of 3.14 to 7.37 g/t Au, and 9 values of 9.85 to 73.0 g/t. One intercept in drill hole AK08-37 contained a quartz vein stockwork/silicified zone, which assayed 4.07 g/t Au across 1.67 m (106.68-108.35m). One of the most significant results from the east-side Kenville drill program included two high-grade gold intersects in drill hole AK08-41. This hole contained gold quartz vein intercepts grading 9.85 g/t Au, 23 .0 g/t Ag and a wider quartz vein grading 26.6 g/t Au, 40.2 g/t Ag. These vein intercepts are significant in that they represent previously unknown

southward extensions of the Kenville Mine veins beyond the known mine workings, towards the southernmost Jackpot claim of the Kenville property.

The discovery of high grade gold bearing quartz veins beyond the known Kenville Mine workings indicates a potential gold and silver resource, unrecognized by previous operators of the Kenville Mine (see drill hole AK08-41 below).

The following table summarizes some of the significant gold assay values from the 2008 drill program carried out on the east side of the Kenville property:

Hole Number	From (m)	To (m)	Interval (m)	Gold (g/t)	Silver (g/t)	Other
AK08-29	138.14	138.34	0.2	35.3	13.6	0.42% Zn
AK08-33	254.82	255.4	0.58	6.63		
AK08-36	109.19	109.37	0.18	7.37		0.475 % Zn, 0.12% Pb
	117.23	117.73	0.5	6.11		
	128.6	128.85	0.25	5.81		
	152.74	152.97	0.23	5.26	2.3	
AK08-37	34.54	35.11	0.57	15.95		
(includes)	34.54	34.73	0.19	41.7	78.9	0.71% Zn, 1.96% Cu
AK08-37	66.85	67.47	0.62	11.6	23.5	
	106.68	108.35	1.67	4.07		Stockwork zone
	146.4	146.88	0.48	73.0	28.9	
AK08-38	68.98	69.63	0.65	12.7	6.8	
	149.97	150.27	0.3	28.7	18.5	
AK08-41	215.5	215.83	0.33	9.85	23.0	
	300.35	301.07	0.72	26.6	40.2	
AK08-42	248.65	248.93	0.48	6.99		
AK08-44	254.36	254.84	0.48	5.62		

In addition to the above reported vein intercepts, numerous high-grade gold vein intercepts up to 205 g/t were obtained early in the summer (see News Release October 28, 2008) on the west side of the Kenville property.

The Jackpot claim area located at the southern end of the Kenville property, contains extensive zones of light colored intrusive rock that occur as sill-like bodies of leuco-alkalisyenite. The leucoalkalisyenite sills are locally anomalous in gold, molybdenum, lead and zinc and it is postulated that the sills have a strong genetic relationship for the production of metal-bearing hydrothermal solutions, resulting in the formation of gold-bearing quartz vein structures on the Kenville property.

Concurrent with the quartz vein system are copper-bearing fracture or shear zones with variable associated silver, molybdenum and gold, generally paralleling and lying outbound of the gold veins system. Within this shear zone, drill hole AK08-05 contained a 5.8 m interval assaying 1.53% Cu, 30.9 g/t Ag, 0.6 g/t Au and 0.044 % Mo. Teck drill hole (TK95-03), located approximately 200 m northwest of AK08-05, contained a similar fracture-related mineral zone, assaying 0.93% Cu, 9.37 g/t Ag and 0.046 % Mo across 9.95 m.

The Company is highly encouraged by these new discoveries and will be initiating an underground drill program in 2009, and a surface drill program of at least 10 drill holes to establish the intervening continuity of vein structures from the southern extent of the Kenville Mine underground workings to the area of the Jackpot claim.

The Company does not have any material commitments for capital expenditures at the time of this report.

C.

Research and Development, Patents and Licenses, etc.

As the Company is a mineral exploration company with no producing properties, the information required by this section is inapplicable.

D.

Trend Information

As the Company is a mineral exploration company with no producing properties, the information required by this section is inapplicable.

E.

Off-balance Sheet Arrangements

The Company has no off-balance sheet arrangements.

F.

Tabular Disclosure of Contractual Obligations

The Company has no contractual obligations of this type required to be disclosed in this section.

G.

Safe Harbour

This Annual Report and accompanying financial statements and management discussion and analysis contains forward-looking statements and information relating to Anglo Swiss Resources Inc. (Anglo Swiss or the Company) that are based on the beliefs of its management as well as assumptions made by and information currently available to Anglo Swiss. When used in this document, the words anticipate , believe , estimate , and expect and similar expressions, as they relate to the Company or its management, are intended to identify forward-looking statements.

This Annual Report contains forward-looking statements relating to, among other things, regulatory compliance, the sufficiency of current working capital, the estimated cost and availability of funding for the continued exploration and development of Anglo Swiss exploration properties. Many factors could cause the actual results, performance or achievements of Anglo Swiss to be materially different from any future results, performance or achievements whether expressed or implied by such forward-looking statements. Important factors are identified in this Annual Report.

Management is required to make assumptions and estimates that affect the valuation of its mineral properties. The carrying value of each property in the exploration or development stage is evaluated as to the project economics, including the timing of the exploration and/or development work, the work programs and the exploration results experienced by the Company or others. The review of the carrying value of each producing property is made by reference to the estimated future operating results and net cash flows. When the carrying value of a property exceeds

its estimated net recoverable amount, provision is made for the decline in value.

ITEM 6.

DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

A.

Directors and Senior Management

Leonard R. Danard

Mr. Danard is a director and President and CEO of the Company. He has held this position since December 14, 1992. Prior to this date he was president of a private company, which held the Kenville mine property, the Company s main asset. He has spent in excess of 20 years in the resource sector where he held various senior management positions. Mr. Danard is 62 years old.

Christopher C. Robbins

Mr. Robbins is a director and Vice President of the Company. He has been a director since November 25, 1994 and vice-president since June of 1999. He has business experience in public relations, corporate governance and financing for over 20 years, both in private and public sectors. Before his involvement with Anglo Swiss, Mr. Robbins was a consultant to a telecommunications firm, which also went public. Mr. Robbins is 50 years old.

Leroy Wolbaum

Mr. Wolbaum has been a director of the Company since August 30, 1993. He resides in Nelson, British Columbia and is the Company s liaison for the Kenville, Blu Starr and McAllister properties. Mr. Wolbaum has extensive corporate experience as he has served on a number of boards for various public listed companies over the years. Mr. Wolbaum is 65 years old.

Greg Pendura, M.Ed.

Mr. Pendura has more than 35 years of experience in founding, financing and advising emerging private and public companies. Mr. Pendura has spent the last 12 years in the public sector with Resin Systems Inc. An original founder of the company he recently retired as President, CEO and Chairman of the Board. During his tenure with Resin Systems Inc., he was instrumental in the company achieving a market capitalization of over $200 million as well as raising in excess of $100 million during its formative years. Mr. Pendura is 61 years old.

Edward J. Nunn, Director

Mr. Nunn joined the board of directors in March 2008. He is a Registered Professional Engineer in British Columbia and has been associated with the mining industry for 42 years. Mr. Nunn has spent most of the 42 years primarily working in project engineering and management for domestic and international mine operating companies. His metal mining experience has been in gold, copper, molybdenum, lead and zinc while working for Cominco, Lornex Mining Corp., Echo Bay Mines and Granduc Operating Company. Mr. Nunn is 62 years old.

B.

Compensation

On January 29, 2008, the directors of the Company approved Executive Employment Agreements for two officers of the Company. These Agreements provide for combined annual base salaries totalling $216,000, payment of performance bonuses at the Company s discretion, a benefits package and reimbursement of all expenses incurred in accordance with the Company s reimbursement policy.

On January 31, 2008, the directors of the Company approved a Directors and Officers Compensation package of $5,000 per year for services rendered in that capacity effective from the Annual General Meeting of the Company held on June 18, 2007 through to June 18, 2008.

During the fiscal year ended December 31, 2008, the Company accrued a total $32,654 (2007 - $311,282) in cash compensation due to directors and organizations controlled by directors. The Company also has Nil in 2008 (2007 - $77,998) due to a law firm in which an officer of the Company is a partner. These amounts do not take account of incentive stock options granted to or exercised by such directors and officers or other non-cash compensation, as more particularly described below. No other funds were set aside or accrued by the Company during the fiscal year ended December 31, 2008 to provide pension, retirement or similar benefits for directors or officers of the Company pursuant to any existing plan provided or contributed to by the Company under applicable Canadian laws.

The Company is required, under applicable securities legislation in Canada to disclose to its shareholders details of compensation paid to its executive officers. The following fairly reflects all material information regarding compensation paid to the Company s executive officers, which has been disclosed to the Company s shareholders under applicable Canadian law.

Cash and Non-Cash Compensation Executive Officers and Directors

The Company currently has three executive officers: Len Danard, President and CEO; Chris Robbins, Vice President; and Brian Canfield, Corporate Secretary (the Named Executive Officers). Mr. Canfield is a lawyer who practices in Vancouver, British Columbia.

The following table sets forth all annual and long term compensation for services in all capacities to the Company for the fiscal years ended December 31, 2008, 2007 and 2006 in respect of the individuals who were, at December 31, 2008, the Named Executive Officers:

		Annual Compensation			**Long Term Compensation**			
					Awards		**Payouts**	
Name and Principal Position *(a)*	**Year** *(b)*[1]	**Salary ($)** *(c)*	**Bonus ($)** *(d)*	**Other Annual Compensation ($)** *(e)*	**Securities under Options granted (#)**[2] *(f)*	**Restricted Shares or Share Units ($)** *(g)*	**LTIP Payouts ($)** *(h)*	**All Other Compen-sation ($)** *(i)*
Len Danard	2008	120,000	NIL Nil	Nil	5,500,000	n/a	n/a	Nil
President and	2007	120,000	Nil	Nil	4,000,000	n/a	n/a	Nil
CEO	2006	30,000		Nil	2,800,000	n/a	n/a	Nil
Chris Robbins	2008	96,000	Nil	Nil	4,500,000	n/a	n/a	Nil
Vice	2007	96,000	Nil	Nil	4,000,000	n/a	n/a	Nil
President	2006	30,000	Nil	Nil	2,700,000	n/a	n/a	Nil
Brian	2008	Nil	Nil	Nil	250,000	n/a	n/a	Nil
Canfield	2007	Nil	Nil	Nil	250,000	n/a	n/a	Nil
Secretary	2006	Nil	Nil	Nil	250,000	n/a	n/a	Nil

(1)

Fiscal years ended December 31, 2008, 2007, and 2006 .

(2)

Indicates total options held in each of the fiscal periods down.

Option Grants in Last Fiscal Year

The following table, if required, sets forth stock options granted during the fiscal year ended December 31, 2008 to the Named Executive Officers:

Name of Optionee	Position (Director/ Employee/ Consultant/ Management Company	% of Total Options Granted*	No. of Options Granted	Exercise Price	Expiry Date	Market Value of Shares Underlying Options at Date of Grant ($/share)
Leonard Danard	Director	30%	1,500,000	$0.25	2013/06/18	$0.25

Chris Robbins	Director	15%	750,000	$0.25	2013/06/18	$0.25
Brian Canfield	Corporate Secretary	Nil	NIL	NIL	NIL	Nil

* Percentage of total options granted during the year ended December 31, 2008.

Aggregated Option Exercises in Last Fiscal Year and Fiscal Year-End Option Values

The following table, if required, sets forth details of all exercises of stock options during the fiscal year ended December 31, 2008 by the Named Executive Officers and the fiscal year-end value of unexercised options on an aggregated basis:

Name of Optionee	**Securities Acquired on Exercise**	**Aggregate Value Realized(1)**	**Options at Fiscal year-End Exercisable/Un-exercisable**	**Value of Exercisable/Unexercised In-the-Money Options at Year-End**
Len Danard	NIL			