



ANGLO SWISS RESOURCES INC

Anglo Swiss Resources Inc.

Consolidated Interim Financial Statements

For the three and nine months September 30, 2011

(expressed in Canadian dollars)

Responsibility for Financial Statements:

The accompanying condensed interim financial statements of Anglo Swiss Resources Inc. (“the Company”) are the responsibility of the Board of Directors (“Board”).

These unaudited financial statements have been prepared by management, on behalf of the Board. In management’s opinion, these condensed interim financial statements are in full compliance with International Accounting Standard 34 – Interim Financial Reporting using accounting policies consistent with International Financial Reporting Standards (“IFRS”) appropriate in the circumstances. Management has established internal controls over the financial reporting process which are designed to provide reasonable, but not absolute, assurance that relevant and reliable financial information is prepared.

The Board is responsible for ensuring that management fulfills its financial reporting responsibilities and for reviewing and approving the condensed interim financial statements together with other financial information. The Company’s audit committee assists the Board in fulfilling this responsibility. The audit committee meets with management to review the internal controls over the financial reporting process, and reviews the period end condensed interim financial statements together with other financial information of the Company. Recognizing that the Company is responsible for both the integrity and objectivity of the condensed interim financial statements, management is satisfied that these condensed interim financial statements have been fairly presented.

The auditors of the Company have not performed a review of these condensed interim financial statements.

Anglo Swiss Resources Inc.

Consolidated Interim Statement of Financial Position

(expressed in Canadian dollars)

	Note	September 30, 2011	December 31, 2010 (note 14)
Assets			
Current assets			
Cash and cash equivalents	3	\$ 352,377	\$ 722,125
Term deposits	3	38,001	236,025
HST and other amounts receivable	4	126,198	-
Prepaid expenses	4	7,026	213,767
			14,183
		523,602	1,186,100
Non-current assets			
Reclamation bonds	5	60,925	60,851
Property, plant and equipment	6	767,733	934,358
Exploration and evaluation properties	7	13,856,564	11,347,043
Total assets		\$15,208,824	\$13,528,352
Liabilities and equity			
Current Liabilities			
Accounts payable and accrued liabilities		324,276	423,279
Accounts payable to related parties	12	21,970	970
Flow-through share premium liability		-	106,026
		346,246	530,275
Non-current liabilities			
Deferred income tax liability		55,155	7,125
Total liabilities		401,401	537,400
Equity			
Share capital	8	27,987,869	25,618,769
Stock-based compensation	8	2,154,362	2,022,374
Warrants	8	1,250,403	1,665,942
Contributed surplus	8	2,375,163	1,946,008
Deficit		(18,960,374)	(18,262,141)
Total equity		14,807,423	12,990,952
Total liabilities and equity		\$15,208,824	\$13,528,352

See accompanying notes to the interim consolidated financial statements

Anglo Swiss Resources Inc.

Consolidated Interim Statement of Comprehensive Loss

(expressed in Canadian dollars)

	Note	Three Months Ended Sep 30,		Nine Months Ended Sep 30,	
		2011	2010	2011	2010
Continuing Operations					
Expenses	\$			\$	
Administration		31,694	\$21,820	59,515	\$76,937
Amortization		51,921	65,429	166,625	201,179
Consulting fees		61,400	54,000	171,900	162,000
Filing fees		20,218	5,018	58,650	41,800
Foreign exchange		(24)	488	571	12,920
General exploration		3,769	5,187	14,877	28,237
Finance costs		1,202	716	14,027	3,256
Professional fees		9,039	(49,037)	66,977	238,403
Sand and gravel operations		-	-	-	100
Shareholders' and investor relations		25,227	66,596	99,566	145,173
Stock-based compensation Note 8		-	105,592	131,988	390,995
Transfer agent fees		2,186	2,032	14,307	22,484
Travel and promotion		7,716	9,019	21,430	31,305
Other items		214,348	286,860	820,433	1,354,789
Interest and other income		(837)	(770)	(1,702)	(5,175)
Write-down of exploration and evaluation properties		-	-	-	1,399,036
Loss before income taxes		213,511	281,090	818,731	2,748,650
Deferred tax expense		17,812	-	48,030	7,125
Future income tax recovery		(62,500)	-	(168,526)	(25,000)
Comprehensive loss for the period		\$168,823	\$286,090	\$698,235	\$2,730,775
Weighted average number of shares outstanding (note 2. (k))		148,507,573	134,797,834	148,507,573	134,797,834
Basic and diluted loss per share		\$0.00	\$0.00	\$0.00	\$0.02

See accompanying notes to the interim consolidated financial statements

Anglo Swiss Resources Inc.

Consolidated Interim Statement of Cash Flows

(expressed in Canadian dollars)

For the Nine Months Ended September 30,	Note	Three Months Ended Sep 30,		Nine Months Ended Sep 30,	
		2011	2010	2011	2010
Operating activities	\$			\$	
Comprehensive loss for period		(168,823)	(286,090)	(698,235)	(2,730,775)
Adjustments for:					
Amortization		51,921	65,429	166,625	201,179
Income tax expense		17,812	-	48,030	7,125
Income tax recovery		(62,500)	-	(168,526)	(25,000)
Stock-based compensation			105,592	131,988	390,995
Write-down of exploration and evaluation properties			-		1,399,036
		(161,590)	(115,069)	(520,118)	(757,440)
Net change in non-cash working capital		(11,411)	(184,303)	16,725	(7,475)
		(173,001)	(299,372)	(503,393)	(764,915)
Financing activities					
Issue of share capital		744,900	211,900	2,458,410	2,175,950
Share issue costs		(13,194)	-	(13,194)	(88,700)
		731,706	211,900	2,445,216,	2,087,250
Investing activities					
Purchase of property, plant and equipment		-	(5,781)		(89,666)
Reclamation bonds		(74)	(11,500)	(74)	(14,970)
Exploration and evaluation property		(304,242)	(691,404)	(2,509,595)	(2,385,289)
		(304,316)	(708,685)	(2,509,	(2,489,925)
Net (decrease) in cash and cash equivalents		254,389	(796,157)	(567,772)	(1,167,590)
Cash and cash equivalents, beginning of period		135,989	1,751,647	958,150	2,123,080
Cash and cash equivalents, end of period		\$390,378	\$955,490	\$390,378	\$955,490
Supplemental cash flow information					
Shares issued for exploration and evaluation properties		\$25,000	\$14,000	1,485,760	\$232,700
Shares issued for debt			-		-
					\$150,000

See accompanying notes to the interim consolidated financial statements

Anglo Swiss Resources Inc.

Consolidated Interim Statement of Changes in Equity

(expressed in Canadian dollars)

	Shares (note 8)	Share Capital	Stock-based compensation	Warrants	Contributed surplus	Deficit	Total equity
January 1, 2010							
Issued for property	132,982,840	\$ 22,972,431	\$ 2,538,958	\$ 1,301,632	\$ 508,501	\$ (14,714,019)	\$ 12,607,503
Exercise of options	650,000	232,700					232,700
Exercise of warrants	1,962,500	230,250					230,250
Re-allocated on exercise of warrants	420,000	63,000					63,000
Private placement shares issued	4,285,715	(308,813)		308,813			-
Premium on flow-through shares issued		1,500,000					1,500,000
Share issue costs		(25,000)					(25,000)
Shares issued for debt	600,000	(88,700)					(88,700)
Stock compensation		150,000	390,994				390,994
Comprehensive loss						(2,730,773)	(2,730,773)
September 30, 2010	140,901,055	24,725,868	2,929,952	1,610,445	508,501	(17,444,793)	12,329,973
Issued for property	1,225,000	355,875					355,875
Exercise of options	200,000	20,000	(253,250)				20,000
Re-allocated on exercise of options		253,250					-
Re-allocated on expiry or cancellation of options and warrants		(1,293,886)			1,377,202		-
Re-allocated on exercise of warrants	2,228,071	324,746		(83,316)			727,325
Private placement shares issued		263,766		(324,746)			(106,026)
Premium on flow-through shares issued		(106,026)		463,559			(158,405)
Share issue costs		(218,710)			60,305		639,558
Stock compensation			639,558				(817,348)
Comprehensive loss						(817,348)	(817,348)
January 1, 2011	144,554,126	25,618,769	2,022,374	1,665,942	1,946,008	(18,262,141)	12,990,952
Issued for property	12,181,108	1,485,760					1,485,760
Exercise of warrants	1,685,000	252,750					252,750
Re-allocated on exercise of warrants		63,922		(63,922)			-
Re-allocated on expiry or cancellation of options and warrants					427,944		-
Private placement shares issued	5,686,666	719,900		(427,944)			719,900
Premium on flow-through shares issued		(62,500)					(62,500)
Share issue costs		(90,732)		76,327	1,211		(13,194)
Stock compensation			131,988				131,988
Comprehensive loss						(698,235)	(698,235)
September 30, 2011	164,106,900	\$27,987,869	\$2,154,362	\$1,250,403	\$2,375,163	\$(18,960,374)	\$14,807,423

See accompanying notes to the interim consolidated financial statements

Anglo Swiss Resources Inc.

Notes to Interim Consolidated Financial Statements

For the nine months ended September 30, 2011

(expressed in Canadian dollars)

1. NATURE AND CONTINUANCE OF OPERATIONS

The Company is incorporated in British Columbia, Canada and is involved in the acquisition and exploration of mineral property interests in Canada. At the date of these condensed interim financial statements, the Company has not been able to identify a known body of commercial grade ore on any of its properties and the ability of the Company to recover the costs it has incurred to date on these properties is dependent upon the Company being able to identify a commercial ore body, to finance its exploration and development costs and to resolve any environmental, regulatory, or other constraints which may hinder the successful development of the property. The Company is in the development stage with no major source of operating revenue and is dependent upon equity financing to maintain its current operations.

These condensed interim financial statements have been prepared on the basis of the Company being a going concern and able to realize its assets and discharge its liabilities in the normal course of business.

The condensed interim financial statements do not reflect adjustments in the carrying values of the Company's assets and liabilities, expenses, and the balance sheet classifications used, that would be necessary if the going concern assumption was not appropriate. Such adjustments could be material.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of presentation

These condensed interim financial statements have been prepared in accordance with, and are in full compliance of, International Accounting Standard 34 – Interim Financial Reporting (“IAS 34”) using accounting policies consistent with IFRS as issued by the International Accounting Standards Board (“IASB”) and the interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”). These condensed interim financial statements do not include all of the information required for annual financial statements.

The accounting policies followed in these condensed interim financial statements are the same as those applied in the Company's interim financial statements for the periods ended March 31, and June 30, 2011. The Company's transition date for converting to IFRS was January 1, 2010 (the “Transition Date”) and the comparative statement of financial position as at December 31, 2010 and comparative statement of comprehensive income, statement of cash flows and statement of changes in equity for the nine month period ended September 30, 2010 have been restated in accordance with IFRS. The impact of the transition from GAAP to IFRS is explained in note 14.

These condensed interim financial statements should be read in conjunction with the Company's Canadian GAAP annual condensed financial statements for the year ended December 31, 2010 and the Company's condensed interim financial statements for the quarters ended March 31, and June 30, 2011 prepared in accordance with IFRS applicable to interim financial statements.

These condensed interim financial statements have been prepared on an historical cost basis, except for financial instruments which are classified as fair value through profit or loss (“FVTPL”). In addition, these condensed interim financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

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Notes to Interim Consolidated Financial Statements

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(expressed in Canadian dollars)

The accounting policies set out below have been applied consistently to all periods presented in preparing the opening balance sheet at January 1, 2010 (note 14) for purposes of transition to IFRS. The accounting policies have been applied consistently by the Company and its subsidiaries and associated.

(b) Basis of consolidation

These condensed interim financial statements include the accounts of the Company and its wholly-owned subsidiary, Kenville Sand and Gravel Inc., which was incorporated in September 7, 2007.

All intercompany transactions, balances and unrealized gains and losses from intercompany transactions have been eliminated.

(c) Financial instruments and financial risk

The Company's financial instruments consists of cash and cash equivalents, term deposits, amounts receivable, reclamation bonds, and accounts payable and accrued liabilities, the fair values of which approximate their carrying amounts due to the short-term nature of these instruments. Cash and cash equivalents, reclamation bonds and term deposits are designated as held for trading and therefore carried at fair value, with unrealized gains or losses recorded in income. Amounts receivable are classified as loans and receivables and are initially measured at fair value and subsequently carried at amortized cost less impairment losses, which are reviewed at period end; accounts payable and accrued liabilities are classified as other financial liabilities and are initially measured at fair value and subsequently carried at amortized cost.

(d) Exploration and evaluation properties

Acquisition costs of resource properties together with direct exploration expenditures thereon are deferred until the property to which they relate is placed into production, sold or abandoned or becomes impaired. Option or other payments received in respect of property interests are applied to reduce the carrying value of the properties. The carrying values of mineral properties are, where necessary, written down to the estimated fair value based on discounted estimated future net cash flows. Exploration and evaluation properties will be depreciated on a unit of production basis when the property is placed into production.

The Company reviews the carrying values of its resource properties whenever events or circumstances indicate that there may be a potential impairment. Where estimates of future cash flows are not available and where exploration results or other information suggest impairment has occurred, management assesses whether the carrying value can be recovered, and if not, an appropriate write-down is recorded.

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

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Notes to Interim Consolidated Financial Statements

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(expressed in Canadian dollars)

(e) Impairment

(i) Financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows, discounted at the original effective interest rate.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognized. For financial assets measured at amortized cost, this reversal is recognized in profit or loss.

(ii) Non-financial assets

Non-financial assets are evaluated at least annually by management for indicators that carrying value is impaired and may not be recoverable. When indicators of impairment are present the recoverable amount of an asset is evaluated at the CGU level, the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets, where the recoverable amount of a CGU is the greater of the CGU's fair value less costs to sell and its value in use. An impairment loss is recognized in profit or loss to the extent that the carrying amount exceeds the recoverable amount.

(f) Property, plant and equipment

Property, plant and equipment are recorded at cost net of their accumulated amortization and are depreciated over their estimated useful lives using the declining balance method. These assets will be written down to the fair value if the carrying value exceeds the estimated net recoverable amount. Property, plant and equipment is being amortized at the following rates: mine plant and equipment – 25% and 30%, office equipment – 20% and motor vehicles – 30%.

(g) Share capital

Common shares are classified as equity. Transaction costs directly attributable to the issue of common shares and share options are recognized as a deduction from equity, net of any tax effects. Common shares issued for consideration other than cash, are valued based on their market value at the date the shares are issued.

When share capital recognized as equity is repurchased, the amount of the consideration paid, which includes directly attributable costs, net of any tax effects, is recognized as a deduction from equity. Share capital is reduced by the average per-common-share carrying amount, with the difference between this amount and the consideration paid, added to or deducted from contributed surplus.

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Notes to Interim Consolidated Financial Statements

For the nine months ended September 30, 2011

(expressed in Canadian dollars)

The Company has adopted a residual value method with respect to the measurement of shares and warrants issued as private placement units. The residual value method first allocates value to the more easily measurable component based on fair value and then the residual value, if any, to the less easily measurable component. The Company considers the fair value of common shares issued in the private placements to be the more easily measurable component and the common shares are valued at their value, as determined by the closing quoted bid price on the announcement date. The balance, if any, is allocated to the attached warrants. Any fair value attributed to the warrants is recorded as contributed surplus.

Common shares, which by agreement are designated as flow-through shares, are usually issued at a premium to non-flow-through common shares. On issue, share capital is increased only by the non-flow-through share equivalent value. Any premium is recorded as a deferred liability. Pursuant to any flow-through share agreement the Company must renounce its flow-through share exploration expenditures to the flow-through shareholders, and the Company gives up its rights to the income tax benefits on the exploration expenditures. The loss of the tax benefit is recorded as a deferred tax liability and eliminates the original deferred liability, with the difference, if any, recorded as a deferred income tax expense. In instances where the Company has sufficient deductible temporary differences available to offset the deferred income tax liability created from renouncing the exploration of expenditures, the realization of the deductible temporary differences will be shown as a recovery in profit or loss in the period of renunciation.

(h) Share based payment transactions

The Company has a stock option plan that allows certain officers, directors, consultants and related company employees to acquire shares of the Company. The fair value of the options granted is recognized as an expense with a corresponding increase in equity.

Share-based payments to employees and others providing similar services are measured at grant date at the fair value of the instruments issued. Fair value is determined using the Black-Scholes option pricing model taking into account the terms and conditions upon which the options were granted. The amount recognized as an expense is adjusted to reflect the actual number of share options that are expected to vest. Each tranche is an award with graded vesting is considered a separate grant with a different vesting date and fair value. Each grant is accounted for on that basis.

Share-based payments to non-employees are measured at the fair value of the goods or services received, unless that fair value cannot be estimated reliably, in which case the fair value of the equity instruments issued is used. The value of the goods or services is recorded at the earlier of the vesting date, or the date the goods or services are received.

The offset to the recorded cost is to contributed surplus. Consideration received on the exercise of stock options is recorded as share capital and the related share-based payments originally recorded as contributed surplus are transferred to share capital. Upon cancellations or expiry of an option, the recorded value is transferred to profit or loss.

(i) Asset retirement obligations

The fair value of a liability for an asset retirement obligation is recognized on an discounted cash flow basis when a reasonable estimate of the fair value of the obligation can be made. The asset retirement obligation is recorded as a liability with a corresponding increase to the carrying amount of the related long-lived asset. Subsequently, the asset retirement cost is allocated to expense using a systematic and rational method and is adjusted to reflect period-to-period changes in the liability resulting from the passage of time and from revisions to either expected payment dates or the amounts comprising the

Anglo Swiss Resources Inc.

Notes to Interim Consolidated Financial Statements

For the nine months ended September 30, 2011

(expressed in Canadian dollars)

original estimate of the obligation. As at September 30, 2011, the Company does not have any asset retirement obligations.

(j) Future income taxes

The Company uses the liability method of accounting for income taxes. Under this method, future income tax assets and liabilities which are attributable to differences between the condensed interim financial statement carrying amounts of existing assets and liabilities and their respective tax bases are measured using tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be settled. When the future realization of income tax assets does not meet the test of being more likely than not to occur, a valuation allowance in the amount of the potential future benefit is taken and no net asset is recognized. Such an allowance has been applied to all potential income tax assets of the Company.

(k) Loss per share

Loss per share is calculated based on the weighted average number of common shares issued and outstanding during the year. The effect of potential issuances of shares under options and warrants would be anti-dilutive, and therefore, basic and diluted loss per share are the same.

For the nine month period ended:	September 30, 2011	September 30, 2010
Common shares outstanding, January 1	144,554,126	132,982,840
Effect of shares and options	3,953,447	1,814,994
Balance, September 30, 2011	148,507,573	134,797,834

(l) Use of estimates

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the condensed interim financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

(m) New standards not yet adopted

(i) *Effective for annual periods beginning on or after July 1, 2011*

- *Amendments to IFRS 7 Financial Instruments: Disclosures*
Increase in disclosure with regards to the transfer of financial assets, especially if there is a disproportionate amount of transfer transactions that take place around the end of a reporting period.

(ii) *Effective for annual periods beginning on or after January 1, 2013*

- *New standard IFRS 9 Financial instruments*
Partial replacement of IAS 39 *Financial Instruments: Recognition and Measurement*

Anglo Swiss Resources Inc.

Notes to Interim Consolidated Financial Statements

For the nine months ended September 30, 2011

(expressed in Canadian dollars)

- *New standard IFRS 10 Consolidated Financial instruments*
Provides a new single consolidation model that identifies control as the basis for consolidation for all types of entities, and replaces IAS 27 Consolidated and *Separate Financial Statements* and SIC-12 Consolidation – *Special Purpose Entities*.

3. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of the following:

	September 30, 2011	December 31, 2010
Cash bank accounts and broker accounts	\$ 352,377	\$ 722,125
	38,001	236,025
	<u>\$390,378</u>	<u>\$958,150</u>

4. RECEIVABLES AND PREPAYMENTS

Receivables and prepayments consist of the following:

	September 30, 2011	December 31, 2010
Subscription receivable	\$ -	\$ 125
HST receivable and advances	126,198	213,642
Prepaid expenses	7,026	14,183
	<u>\$133,224</u>	<u>\$227,950</u>

5. RECLAMATION BONDS

The Company has reclamation bonds outstanding totalling a principal amount of \$60,800 to satisfy certain performance obligations associated with the exploration of the Kenville Mining Camp and Blu Starr properties. These investments are recorded at market value and earn interest at market rates.

	September 30, 2011	December 31, 2010
Reclamation Bonds	\$ 60,925	\$ 60,851
	<u>\$60,925</u>	<u>\$60,851</u>

Anglo Swiss Resources Inc.
Notes to Interim Consolidated Financial Statements
For the nine months ended September 30, 2011

(expressed in Canadian dollars)

6. PROPERTY, PLANT AND EQUIPMENT

Class	September 30, 2011				December 31, 2010						
	Opening Balance	Cost Additions	Closing Balance	Accumulated Depreciation Depreciation expense	Disposals	Opening Balance	Cost Additions	Closing Balance	Accumulated Depreciation Depreciation expense	Disposals	Net book value
Mine plant and equipment	\$ 1,962,936	-	\$ 1,962,936	\$ (160,639)	-	\$ (1,058,416)	-	\$ 1,962,936	\$ (254,562)	-	\$ 904,520
Office equipment	37,841	-	37,841	(1,234)	-	(30,789)	-	37,841	(1,620)	-	7,052
Motor vehicles	47,700	-	47,700	(4,752)	-	(24,914)	-	47,700	(7,037)	-	22,786
	\$ 2,048,477	\$ -	\$ 2,047,477	\$ (166,625)	\$ -	\$ (1,114,119)	\$ -	\$ 2,047,477	\$ (263,219)	\$ -	\$ 934,358

Anglo Swiss Resources Inc.
Notes to Interim Consolidated Financial Statements
For the nine months ended September 30, 2011

(expressed in Canadian dollars)

7. MINERAL PROPERTIES

Mineral Properties	January 1, 2011	Acqui- sitions staking	Exploration and evaluation	Impair- ments write offs	September 30, 2011
Kenville (a)	7,592,390	-	926,178		8,518,568
Blu Starr (b)	1,907,191	-	762		1,907,953
McAllister (c)	-	-	-		-
New Shoshoni Claims (d)	-	-	12,200		12,200
PQ Claims (e)	-	-	-		-
Group of Four Claims (f)	-	-	-		-
Ron Gold Property (g)	202,609	50,000	2,412		255,022
Referendum Gold Property (h)	124,667	-	2,152		126,819
Silver lynx Property (i)	126,284	-	1,940		128,224
Mount Nelson Property (j)	94,975	-	847		95,822
49er Creek Gold Corp Property (k)	964,979	-	8,435		973,414
Gold Hill Property (l)	9,293	8,000	41		17,334
Silver South Group Property (m)	237,827	-	7,791		245,618
Mammoth Property (n)	86,828	22,400	2,884		112,112
Lansdowne House Property (o)	-	1,446,360	17,118		1,463,478
	11,347,043	1,501,760	982,760		13,856,564

Anglo Swiss Resources Inc.
Notes to Interim Consolidated Financial Statements
For the nine months ended September 30, 2011

(expressed in Canadian dollars)

7. MINERAL PROPERTIES (continued)

Mineral Properties	January 1, 2010	Acqui- sitions staking	Exploration and evaluation	Impair- ments write offs	December 30, 2010
Kenville (a)	6,296,357	-	1,296,033		7,592,390
Blu Starr (b)	1,615,680	-	291,511		1,907,191
McAllister (c)	9,635	-	-	(9,635)	-
New Shoshoni Claims (d)	1,220,440	-	-	(1,220,440)	-
PQ Claims (e)	10,846	-	-	(10,846)	-
Group of Four Claims (f)	158,114	-	-	(158,114)	-
Ron Gold Property (g)	79,000	50,000	73,609		202,609
Referendum Gold Property (h)	24,500	34,500	65,667		124,667
Silver lynx Property (i)	15,981	49,750	60,553		126,284
Mount Nelson Property (j)	15,981	34,875	44,119		94,975
49er Creek Gold Corp Property (k)	55,820	703,593	205,566		964,979
Gold Hill Property (l)	-	8,050	1,243		9,293
Silver South Group Property (m)	-	-	237,827		237,827
Mammoth Property (n)	-	20,400	66,428		86,828
	9,502,354	901,168	2,342,556	(1,399,035)	11,347,043

Anglo Swiss Resources Inc.

Notes to Interim Consolidated Financial Statements

For the nine months ended September 30, 2011

(expressed in Canadian dollars)

7. MINERAL PROPERTIES *(continued)*

(a) Kenville, Canada

The Company has a 100% interest in the Kenville mineral property which, together with certain plant and equipment (note 4), is located near Nelson, British Columbia and was operated as a gold mine from June to December 1992, whereupon operations were terminated and the mine was operated on a care and maintenance basis. During 1997, the Company wrote down the plant and equipment to its present carrying value.

There were two law suits filed in December 2006 and November 2007 with respect to the Company's Kenville Mine Property and an Option Joint Venture Agreement initiated on September 5, 2002 with five corporate optionees. Both lawsuits were settled during 2010, with the Company agreeing to issue 600,000 common shares and reimburse legal expenses aggregating approximately \$75,000.

Terasen Gas initiated a claim for damages related to an incident in 2006 at the Kenville mine whereby a contractor excavated some material near the gas pipeline. Terasen claimed damages of up to \$250,000. The Company negotiated a settlement with Terasen Gas for \$150,000, which was paid during 2010.

(b) Blu Starr, Canada

The Company owns a number of gemstone mineral and placer claims collectively known as the Blu Starr property, located near Nelson and Slocan, British Columbia. In relation to certain claims, the vendors retained 1.5% and 2% net smelter returns ("NSR") royalties on any future non-gemstone production and a 3.5% NSR on any future gemstone production.

(c) McAllister Group, Canada

The Company acquired by option and staking mineral tenures near Nelson, B.C. for diamond exploration during 2004 and 2005. In January 2006, the Company reduced its mineral tenures within the McAllister Group down to 1,959 hectares. This reduction resulted in a write-down of \$38,159 to the carrying cost of this property. During 2010, the Company further reduced its number of mineral tenures down to zero which resulted in a final write-down of \$9,635.

(d) New Shoshoni Claims, Canada (Part of the Fry Inlet Property)

During 2005, the Company entered into an option and joint venture agreement with New Shoshoni Ventures Ltd. to acquire an undivided interest of 50%, with a further option to earn an additional 10% interest, in a number of mineral tenures for diamond exploration totalling. During 2010, the Company dropped this option and wrote-off all deferred cost associated with this property, totalling \$1,220,440. During 2011, \$12,200 in site remediation costs were incurred.

(e) PQ Claims, Canada (Part of the Fry Inlet Property)

During 2005, the Company acquired a 100% interest in mineral tenures for diamond exploration. The Company dropped substantially all this claim group during 2007 resulting in a write-down of \$601,601 to the carrying cost of this property. During 2010, the Company further reduced its number of mineral tenures for the PQ Claims down to zero which resulted in a final write-down of \$10,846.

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Notes to Interim Consolidated Financial Statements

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7. MINERAL PROPERTIES *(continued)*

(f) Group of Four Claims, Canada

On January 19, 2006, the Company acquired a 100% interest in four mineral claims within the Lac de Gras area of the Northwest Territories. During 2010, the Company dropped these properties and wrote-off costs incurred of \$158,114.

(g) Ron Gold Property, Canada

In September 2009, the Company entered into an option and joint venture agreement with Klondike Gold Corp ("Klondike") whereby the Company will earn up to a 60% interest in 29 contiguous mineral claims situated along the eastern, western and southern borders of the Company's Kenville Gold Mine Property. The Company paid a cash instalment of \$50,000 and issued 100,000 common shares valued at \$29,000. The agreement requires that the Company pay an additional amount of \$150,000 (2011 - \$50,000, 2010 - \$50,000 paid) and incur \$650,000 in exploration expenditures by September 2013. An arm's length party retains a 2% NSR, of which the Company may purchase 1.5% for \$500,000. Klondike also holds an additional 1% NSR royalty, which the Company may purchase for \$500,000. Upon completion of the 60% earn-in, a joint venture will be formed between the Company and Klondike.

(h) Referendum Gold Property, Canada

In November 2009, the Company entered into an option to purchase agreement with Thomas Cherry of Nelson, B.C. whereby the Company may acquire a 100% interest in 19 contiguous mineral claims situated along the southern border of the Company's Kenville Gold Mine Property. The Company paid a cash instalment of \$10,000 and issued 50,000 common shares valued at \$14,500. The agreement requires that the Company pay an additional amount of \$240,000 (2010 - \$20,000 paid) plus 250,000 (50,000 issued in 2010, valued at \$14,500) common shares by November 2014. The vendor retains a 2.5% NSR. The Company may purchase 100% of the royalty interest by paying the vendor \$2,000,000.

(i) Silver Lynx Property, Canada

In December 2009, the Company entered into an option to purchase agreement with Bruce Doyle of Nelson, B.C. whereby the Company may acquire a 100% interest the Silver Lynx claim group consisting of 15 contiguous mineral claims. The Company paid a cash instalment of \$15,000. The agreement requires that the Company make additional option payments of \$85,000 (2010 - \$20,000 paid) plus 200,000 (100,000 issued in 2010, valued at \$29,750) common shares by December 2012. The vendor retains a 1.5% NSR, which the Company may purchase by paying the vendor \$1,000,000.

(j) Mount Nelson Property, Canada

In December 2009, the Company entered into an option to purchase agreement with Bruce Doyle of Nelson, B.C. whereby the Company may acquire a 100% interest the Mount Nelson property consisting of 2 contiguous mineral claims. The Company paid a cash instalment of \$15,000. The agreement requires that the Company make additional option payments of \$85,000 (2010 - \$20,000 paid) plus issue 100,000 (50,000 issued in 2010, valued at \$14,875) common shares by December 2012. The vendor retains a 1.5% NSR, which the Company may purchase by paying the vendor \$1,000,000.

Anglo Swiss Resources Inc.

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7. MINERAL PROPERTIES *(continued)*

(k) 49er Creek Gold Corp, Canada

In December 2009, the Company entered into an option to purchase agreement with 49er Creek Gold Corp. of Kelowna, B.C., whereby the Company may acquire a 100% interest in the 49er Creek Gold Corp. property consisting of 157 contiguous mineral claims. The Company initially paid a cash instalment of \$100,000 and 500,000 shares. The agreement requires that the Company make additional option payments of \$650,000 (2010 - \$120,000 paid) plus issue a minimum of 1,600,000 (2010 - 1,600,000 issued in 2010, valued at \$509,500) common shares. The parties may elect that cash payments totalling \$530,000 that are payable in the second, third and fourth year to be paid 50% in cash and 50% in common shares subject to regulatory review and acceptance. The vendor retains a 2.5% NSR, which the Company may purchase by paying the vendor \$2,000,000 and issuing 500,000 common shares.

(l) Gold Hill Property, Canada

On January 21, 2010, the Company entered into an option agreement whereby the Company may acquire a 100% interest in the Gold Hill Property consisting of 1 mineral claim. The Company paid a cash instalment of \$8,000 in January 2011 (\$2,500 – 2010). The agreement requires that the Company pay an additional purchase price of \$39,500 by January 2014. The Company bought out a 2% NSR interest by issuing the vendor 15,000 common shares valued at \$5,550.

(m) Mammoth Property

On May 13, 2010, the Company entered into an option agreement whereby the Company may acquire a 100% interest in the Mammoth Property consisting of 4 mineral claims. The Company paid a cash instalment of \$6,000. The agreement requires that the Company make additional option payments of \$28,000 (2011 \$8,000) by May 2013, plus issue 180,000 (2010 - 60,000 valued at \$14,400, 2011 - 60,000 valued at \$14,400) common shares by May 2012. The vendor retains a 3% NSR, which the Company can purchase by paying the vendor \$500,000. The Company subsequently staked an additional 1136.43 hectares of mineral claims contiguous to the Mammoth Property.

(o) Lansdowne House Property

On June 30, 2011, the Company entered into a purchase agreement whereby the Company acquired a 100% interest in the Lansdowne House Property consisting of 66 mineral claims. The Company issued 11,787,775 common shares valued at \$1,446,360 as a total payment for this property. The vendor retains a 1% NSR on the claims with the exception of two claims which are both subject to a 2.5% NSR.

Quadra FNX Mining Ltd. (“Quadra FNX”) holds a back-in right on the Property triggered by either a positive feasibility or a production decision. Anglo Swiss is in negotiation with Quadra FNX to convert their back-in right to a future equity interest in Anglo Swiss, but that agreement has not been executed yet and there is no assurance that the agreement will be executed. The claims are subject to a 1% NSR (net smelter royalty) payable to INV Metals Inc. except for two claims both of which are subject to a 2.5% NSR payable to PGM Ventures (up to 1.5% of the 2.5% NSR may be purchased for \$500,000 per 0.5% NSR). In addition, there is a 1.5% NSR on one of those two claims payable up to a maximum cap of \$2.5 million to INCO.

Anglo Swiss Resources Inc.

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8. SHARE CAPITAL

The authorised capital in Anglo Swiss Resources consists of a 500,000,000 common shares.

	Number of Common Shares
Balance, January 1, 2010	132,982,840
Issued for cash, non flow through	4,285,715
Issued for property	650,000
Issued for debt	600,000
Exercise of warrants - cash	220,000
Exercise of stock options – cash	1,962,500
Balance, September 30, 2010	140,901,055
Issued for cash, flow through	1,178,071
Issued for cash, non flow through	1,050,000
Issued for property	1,225,000
Exercise of stock options – cash	200,000
Balance, December 31, 2010	144,554,126
Issued for cash, flow through	1,250,000
Issued for cash, non flow through	4,436,666
Issued for property	12,181,108
Exercise of warrants - cash	1,685,000
Balance, September 30, 2011	164,106,900

Stock Options

The Company has a fixed stock option plan. Under the terms of the plan, the Company may grant options to eligible directors, officers and service providers of the Company and its subsidiaries, up to a maximum of 27,500,000 common shares (27,500,000 common shares – 2010). Options may be issued under the stock option plan at the sole discretion of the Company's board of directors. The number of shares issuable to any one Optionee under the plan, together with all of the Company's previously established or proposed share compensation arrangements, shall not exceed 5% of the total number of issued and outstanding shares on a non-diluted basis. Options may be issued for a term of up to five years, with vesting provisions and the exercise price to be determined by the Company's board of directors, provided that the exercise price is not less than the price issued in a press release or, if no press release is issued, the last closing price of the listed shares before the date of the stock option grant less the applicable discount. Stock options will not be granted at less than \$0.10 per share.

	September 30, 2011			December 31, 2010		
	Options	Weighted average exercise price		Options	Weighted average exercise price	
Options outstanding, beginning of year	13,310,000	\$ 0.21		20,447,500	\$ 0.17	
Granted	400,000	0.15		2,500,000	0.27	
Exercised	-	-		(2,162,500)	0.12	
Expired/Cancelled	(115,000)	(0.24)		(7,475,000)	0.16	
Options outstanding, end of period/year	13,595,000	\$ 0.18		13,310,000	\$ 0.21	

Anglo Swiss Resources Inc.

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Warrants

Warrants are issued as private placement incentives. Using the residual value method no value was allocated to the warrants on issue.

The following table summarizes information about the warrants for the nine months ended September 30, 2011 and year ended December 31, 2010:

	September 30, 2011			December 31, 2010		
	Warrants		Weighted average exercise price	Warrants		Weighted average exercise price
Beginning of year	15,998,407	\$	0.55	13,106,514	\$	0.54
Granted	2,343,333		0.20	3,781,893		0.47
Exercised	(1,685,000)		0.15	(420,000)		0.18
Cancelled/Expired	(3,500,002)		0.60	(470,000)		0.15
End of period/year	13,156,738	\$	0.53	15,998,407	\$	0.55

During the period ended March 31, 2011, the Company extended the expiry date on 2,142,856 warrants from March 4, 2011 to March 4, 2012.

The fair value of warrants was estimated at the grant date based on the Black-Scholes option pricing model, using the expected dividend yield of \$nil (2010 - \$nil), average risk-free interest rate of 1.53% (2010 - 1.28%), expected life of 1 - 2 years (2010 - 2 years) and an expected volatility of 108% (2010 - 108%).

Contributed surplus

Contributed surplus includes the accumulated fair value of share options recognized as share based compensation, and the fair value of finders' warrants granted on private placements. Contributed surplus is increased by the fair value of these items on vesting and is reduced by corresponding amounts when the options and warrants are exercised, cancelled or expire. Contributed surplus is comprised of the following:

		Options		Warrants		Total
December 31, 2010	\$	844,596	\$	1,101,412	\$	1,946,008
Options vested		1,121				1,121
Warrants expired				427,944		427,944
End of period/year	\$	845,717		1,529,356	\$	2,375,073

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Broker options

The following table summarizes information about the broker options outstanding for the nine months ended September 30, 2011 and year ended December 31, 2010:

	September 30, 2011		December 31, 2010	
	Number of Broker options	Weighted average exercise price	Number of Broker options	Weighted average exercise price
Beginning of year	1,108,486	\$ 0.50	1,235,525	\$ 0.51
Granted	27,000	0.12	408,486	0.34
Cancelled	-	-	-	-
	-	-	(535,525)	0.40
End of period/year	1,135,846	\$ 0.49	1,108,486	\$ 0.50

During the year ended December 31, 2010, the Company issued 214,286 units in connection with a March 2010 private placement and 194,200 units in connection with the December 2010 private placements. During the nine months ended September 2011 the Company issued 27,000 units in connection with a September 2011 private placement.

The fair value of Broker Options was estimated at the grant date based on the Black-Scholes option pricing model, using the expected dividend yield of \$nil (2010 - \$nil). Average risk-free interest rate of 1.55% (2010 – 1.28%), expected life of 1 – 2 years (2010 – 2 years) and a expected volatility of 108% (2010 – 108%).

9. CAPITAL MANAGEMENT

The Company manages its cash, common shares, stock options and warrants (see Note 8) as capital. The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the development of its mineral properties and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk. The Company is not subject to any externally imposed capital requirements.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, issue debt, acquire or dispose of assets or adjust the amount of cash and cash equivalents.

In order to facilitate the management of its capital requirements, the Company prepares expenditure budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions.

Anglo Swiss Resources Inc.

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10. FINANCIAL INSTRUMENT RISK EXPOSURE AND RISK MANAGEMENT

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

Credit risk

The Company's credit risk is limited to trade receivables in the ordinary course of business and the quality of its financial investments. As at September 30, 2011, the Company's financial instruments consist of interest-bearing short term investment-grade issued by a Canadian chartered bank. The Company does not believe that it is exposed to significant credit risk on financial instruments issued by the Canadian chartered bank.

Market risk: interest rate risk

The Company is exposed to interest rate risk on its cash, cash equivalents and term deposits, but is not exposed to any interest rate risk on outstanding borrowing as there are none at September 30, 2011.

Liquidity risk

The Company manages its liquidity risk by ensuring that there is sufficient capital in order to meet the short-term business requirements. The Company maintains cash and short-term investments which are available on demand for this purpose.

Other risks

The Company considers commodity price risk, operational risk and foreign exchange risk to be immaterial and therefore does not include them in their sensitivity analysis.

11. FAIR VALUE HIERARCHY

CICA handbook section 3862 "Financial Instruments – Disclosures" requires enhanced disclosure of financial instrument fair value measurements and liquidity risks. Financial instruments must be classified at one of three levels within a fair value hierarchy according to the relative reliability of the inputs used to estimate their values. The three levels of the hierarchy are as follows:

- Level 1: Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2: Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3: Inputs that are not based on observable market data.

The carrying values, fair market values, and fair value hierarchal classification of the Company's financial instruments are as follows:

		Level 1		Level 2		Level 3		Total
September 30, 2011	\$		\$				\$	
Cash and cash equivalents		352,377						352,377
Term deposit		38,001						38,001
Reclamation bond		60,925						60,925
	\$	451,303	\$				\$	451,303

Anglo Swiss Resources Inc.

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12. RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making operating and financial decisions. Parties are also considered to be related if they are subject to common control or common significant influence. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties. Related party transactions that are in the normal course of business and have commercial substance are measured at the exchange amount. The following are the related party transactions for the period:

- (a) Included in accounts payable and accrued liabilities is \$21,970 (2010 - \$15,082) due to directors and organizations controlled by directors.
- (b) The Company incurred consulting fees of \$171,900 (2010 - \$162,000) for management services provided by directors and officers or organizations controlled by such parties.
- (c) The Board granted NIL (September 30, 2010: Nil) stock options to related parties during the period.

These transactions were in the normal course of operations and were measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

13. COMMITMENT

At August 18, 2011, the Company is to incur approximately \$187,500 in eligible exploration expenditures prior to August 31, 2012 in order to complete obligations entered into under flow-through share purchase agreements.

14. TRANSITION TO IFRS

As stated in note 2(a), these condensed interim financial statements are prepared in accordance with IFRS.

The accounting policies in note 2 have been applied in preparing the condensed interim financial statements for the nine months ended September 30, 2011, the comparative information for the nine months ended September 30, 2010 and the financial statements for the year ended December 31, 2010.

In preparing the condensed interim financial statements for the nine months ended September 30, 2011, comparative information for the nine months ended September 30, 2010 and condensed financial statements for the year ended December 31, 2010, have been adjusted from amounts reported previously in the financial statements prepared in accordance with GAAP.

An explanation of how the transition from GAAP to IFRS has affected the Company's financial position, financial performance and cash flows is set out below.

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14. TRANSITION TO IFRS (continued)

Reconciliation of assets, liabilities and equity

	January 1, 2010		September 30, 2010		December 31, 2010	
	\$ Canadian GAAP	\$ Effect of transitions to IFRS	\$ Canadian GAAP	\$ Effect of transition to IFRS	\$ Canadian GAAP	\$ Effect of transition to IFRS
Assets						
Current assets						
Cash and cash equivalents	886,841	-	69,251	-	722,125	-
Term deposits	1,236,239	-	886,239	-	236,025	-
Subscriptions receivable	240,000	-	-	-	125	-
GST and other receivables	108,526	-	165,722	-	213,642	-
Prepaid expenses	60,984	-	12,428	-	14,183	-
	2,532,590	-	1,133,640	-	1,186,100	-
Non-current assets						
Reclamation bonds	45,885	-	60,855	-	60,851	-
Property, plant and equipment	1,103,994	-	992,481	-	934,358	-
Mineral properties	9,502,355	-	10,488,606	-	11,347,043	-
	10,652,234	-	11,541,942	-	12,342,252	-
Total assets	13,184,824	-	12,675,582	-	13,528,352	-

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14. TRANSITION TO IFRS (continued)

Reconciliation of assets, liabilities and equity (continued)

	January 1, 2010		September 30, 2010		December 31, 2010	
	\$	\$	\$	\$	\$	\$
	Canadian GAAP	Effect of transitions to IFRS	Canadian GAAP	Effect of transition to IFRS	Canadian GAAP	Effect of transition to IFRS
	IFRS	IFRS	IFRS	IFRS	IFRS	IFRS
Equity						
Share capital	22,972,431	(25,000)	22,947,431	24,750,868	25,749,795	(131,026)
Options	2,538,958	-	2,538,958	2,929,952	2,022,374	-
Warrants	1,301,632	-	1,301,632	1,610,445	1,665,942	-
Contributed surplus	508,501	-	508,501	508,501	1,946,942	-
Deficit	(14,714,019)	-	(14,714,019)	(17,462,668)	(18,280,016)	17,875
Total equity	12,607,503	(25,000)	12,582,503	12,337,098	13,104,103	(113,151)
Total liabilities and equity	13,184,824	-	13,184,824	12,675,582	13,528,352	-
						13,528,352

Anglo Swiss Resources Inc.
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14. TRANSITION TO IFRS (continued)

Reconciliation of comprehensive loss

	Note	Nine months ended September 30, 2010		Effect of transition to IFRS	\$	Year ended December 31, 2010	
		\$				\$	
		Canadian GAAP	Effect of transition to IFRS			Canadian GAAP	Effect of Transition To IFRS
Expenses							
Administration		76,937	-	-	76,937	94,326	-
Amortization		201,179	-	-	201,179	262,718	-
Consulting fees		162,000	-	-	162,000	216,000	-
Filing fees		41,800	-	-	41,800	42,226	-
Foreign exchange loss		12,920	-	-	12,920	13,141	-
General exploration		28,237	-	-	28,237	37,876	-
Interest		3,256	-	-	3,256	3,889	-
Professional fees		238,403	-	-	238,403	165,838	-
Sand and gravel operations		100	-	-	100	200	-
Shareholders' and investor relations		145,173	-	-	145,173	196,320	-
Stock based compensation		390,995	-	-	390,995	1,030,552	-
Transfer agent fees		22,484	-	-	22,484	32,260	-
Travel and promotion		31,305	-	-	31,305	44,945	-
Other items							
Gain on debt settlement		-	-	-	-	-	-
Interest and other income		(5,145)	-	-	(5,145)	(9,330)	-
Settlement of lawsuits		-	-	-	-	150,000	-
Write-down of mineral properties		1,399,036	-	-	1,399,036	1,399,036	-

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14. TRANSITION TO IFRS (continued)

Reconciliation of comprehensive loss (continued)

	Nine months ended September 30, 2010		Year ended December 31, 2010	
	\$ Canadian GAAP	\$ Effect of transition to IFRS	\$ Canadian GAAP	\$ Effect of Transition To IFRS
Loss before other items and income taxes	2,748,650	-	2,748,650	3,679,997
Other items	-	-	-	-
Net loss and comprehensive loss for the period	2,748,650	-	2,748,650	3,679,997
Income tax expense		7,125	7,125	7,125
Income tax recovery		(25,000)	(25,000)	(25,000)
Income tax recovery –future income taxes			(114,000)	(114,000)
Comprehensive loss for the period	2,748,650	(17,875)	2,730,775	(17,875)
Loss per share				
Weighted average number of shares outstanding	134,797,834		134,797,834	138,660,058
Basic and diluted loss per share	0.02		0.02	0.03

Anglo Swiss Resources Inc.

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14. TRANSITION TO IFRS *(continued)*

(a) Financial instruments

Under GAAP the Company classified its term deposits as “held for trading” and is shown at fair market value. There was no change to these items for IFRS.

(b) Mineral properties

The accounting policies for mineral property interests are under review by the IASB and on transition to IFRS the use of GAAP is acceptable. The Company has not changed how it accounts for its mineral properties so there has been no change to these items for IFRS.

(c) Share-based payments

IFRS 2 requires the Company to measure share-based compensation related to share purchase options granted to employees at the fair value of the options on the date of grant and to recognize such expense over the vesting period of the options. However, under IFRS 2, the recognition of such expense must be done with a “graded vesting” methodology as opposed to the straight-line vesting method allowed under Canadian GAAP. In addition, under IFRS, forfeitures estimates are recognized in the period they are estimated, and are revised for actual forfeitures in subsequent periods; while under Canadian GAAP, forfeitures of awards are recognized as they occur. (No differences?) What is your forfeiture rate under IFRS? Was not disclosed in notes? We did not use a forfeiture rate nor disclosed it in the financial statements. This matter can be discussed with the auditors and corrected when they perform the year end audit on ASW.

(d) Premium on flow-through shares

In order to raise exploration funds the Company may enter into flow-through share agreements which transfers the rights to income tax deductions on the expenditures to the flow-through shareholders. Under GAAP the Company recorded a deferred tax liability and a share issue cost at the time the expenditures were renounced to the shareholders. Under IFRS share capital is recorded at the trading value of an ordinary common share. The difference between the proceeds and the ordinary common share value is recorded as a flow-through share premium liability. When the flow-through expenditures are incurred and renounced, the difference between the share premium liability and the deferred income tax liability on the renounced expenditures is expensed.

The new accounting policy for recording of flow-through shares has been adopted effective January 1, 2011 and the 2011 figures have been restated. Flow-through agreements in effect on January 1, 2010 have resulted in the recording of a flow-through share premium liability and a reduction in share capital by the 2009 flow-through share premium of \$25,000. The expenditures were completed and renounced to the shareholders in the first quarter of 2010, which resulted in a deferred income tax liability of \$7,125. This was offset by the reversal of the flow-share share premium liability of \$25,000 and the recording of a deferred income tax expense of \$7,125. Under GAAP all of the 2009 flow-through share proceeds were recorded as share capital, and when renounced in 2010 the deferred income tax amount was accounted for as a reduction of share capital. The net effect of this transitions change is to reduce share capital and increase deferred income tax expense by \$17,875.

An additional flow-through share issue was completed in December 2010, which, under IFRS, has resulted in the recording of a flow-share premium liability of \$106,026 and the reduction of share capital by \$131,026. This flow-through was renounced in February 2011, at which time a deferred tax liability of \$37,342.

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15. SUBSEQUENT EVENTS

The Company announced on November 7, 2011 that that it has arranged a non-brokered private placement of:

a) up to 10,000,000 flow through shares of the Corporation (the “FT Shares”) at \$0.10 per FT Share, for gross proceeds of up to \$1,000,000; and

b) up to 6,250,000 working capital units of the Corporation (the “WC Units”) at \$0.08 per WC Unit, for gross proceeds of up to \$500,000. Each WC Unit shall consist of one (1) common share and one-half (1/2) of one common share purchase warrant, (each whole, a “Warrant”) of the Corporation. Each Warrant shall entitle the holder to acquire one (1) additional common share of the Corporation at an exercise price of \$0.12 for a period of 18 months from closing.