

# **Anglo Swiss Resources Inc.**

(an exploration stage company)

Quarterly Consolidated Financial Statements

**June 30, 2009**

**(expressed in Canadian dollars)**

**In accordance with National Instrument 51-102 released by the Canadian Securities Administrators, the Company discloses that its auditors have not reviewed the un-audited financial statements for the period ended June 30, 2009.**

# Anglo Swiss Resources Inc.

(an exploration stage company)

Balance Sheets (unaudited)

As at June 30, 2009 and December 31, 2008

(expressed in Canadian dollars)

	Jun 30 2009 \$	Dec 31 2008 \$
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	507,384	642,700
Accounts receivable and subscriptions receivable	19,769	186,993
Prepaid expenses	9,656	12,222
	<u>536,809</u>	<u>841,915</u>
<b>Reclamation bond</b>	25,876	25,876
<b>Property, plant and equipment</b>	783,045	889,976
<b>Mineral properties</b> (note 3)	<u>7,992,170</u>	<u>7,797,264</u>
	<u>9,337,900</u>	<u>9,555,031</u>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities	239,831	805,064
Future income tax liability	59,412	-
<b>Shareholders' Equity</b>		
<b>Capital stock</b> (note 4)		
Authorized		
500,000,000 common shares without par value		
400,000,000 preferred shares without par value		
Issued		
112,597,837 (2008- 107,932,837 common shares)	18,795,116	18,451,320
Obligation to issue shares	-	130,000
<b>Options</b> (note 4)	2,154,780	1,745,590
<b>Warrants</b> (note 4)	1,055,753	941,549
<b>Contributed surplus</b> (note 4)	438,407	438,407
<b>Deficit</b>	<u>(13,405,399)</u>	<u>(12,956,899)</u>
	<u>9,038,657</u>	<u>8,749,967</u>
	<u>9,337,900</u>	<u>9,555,031</u>

**Going concern and nature of operations** (note 1)

*The attached notes form an integral part of the financial statements*

**Approved by the directors:**

"Leroy Wolbaum", Director

"Greg Pendura", Director

# Anglo Swiss Resources Inc.

(an exploration stage company)

Statements of Loss and Deficit (unaudited)

For the periods ended June 30, 2009 and 2008

(expressed in Canadian dollars)

	3 Months Ended June 30, 2009 \$	3 Months Ended June 30, 2008 \$	6 Months Ended June 30, 2009 \$	6 Months Ended June 30, 2008 \$
<b>Expenses</b>				
Interest and other income	(295)	(21,430)	(8,252)	(30,072)
Administrative	30,483	40,157	40,449	94,006
Consulting fees	54,000	54,000	108,000	133,000
Depreciation	52,052	45,417	107,307	91,819
Filing fees	6,107	9,165	17,109	19,165
General exploration	16,610	53,047	21,751	59,933
Interest and service charges	936	1,287	1,509	5,034
Professional fees	14,733	13,569	21,200	26,789
Shareholders' information	61,672	187,092	94,008	341,416
Stock-based compensation	248,082	207,172	409,190	249,304
Transfer agent fees	2,059	2,952	4,455	9,134
Travel and promotion	9,258	21,258	11,714	33,045
Write-down of mineral properties	-	-	-	-
<b>Loss before income taxes</b>	<b>495,697</b>	<b>613,686</b>	<b>828,440</b>	<b>1,032,573</b>
Income tax recovery – future income taxes	-	-	-	-
Gain on debt settlement	-	-	(379,940)	-
<b>Loss/(gain) for the period</b>	<b>495,697</b>	<b>613,686</b>	<b>448,500</b>	<b>1,032,573</b>
<b>Deficit - Beginning of year</b>	<b>12,909,702</b>	<b>12,397,292</b>	<b>12,956,899</b>	<b>11,978,405</b>
<b>Deficit - End of period</b>	<b>13,405,399</b>	<b>13,010,978</b>	<b>13,405,399</b>	<b>13,010,978</b>
<b>Weighted average number of shares outstanding</b>	<b>106,696,536</b>	<b>94,517,641</b>	<b>106,696,536</b>	<b>94,517,641</b>
<b>Basic and diluted loss per share</b>	<b>0.00</b>	<b>0.01</b>	<b>0.00</b>	<b>0.01</b>

*The attached notes form an integral part of the financial statements*

# Anglo Swiss Resources Inc.

(an exploration stage company)

Statements of Cash Flows (unaudited)

For the periods ended June 30, 2009 and 2008

(expressed in Canadian dollars)

	3 Months Ended June 30, 2009 \$	3 Months Ended June 30, 2008 \$	6 Months Ended June 30, 2009 \$	6 Months Ended June 30, 2008 \$
<b>Cash flows used in operating activities</b>				
Loss for the year	(495,697)	(613,686)	(448,500)	(1,032,573)
Items not affecting cash				
Depreciation	52,052	45,417	107,307	91,819
Write-down of mineral properties	-	-	-	-
Stock-based compensation	248,082	207,172	409,190	249,304
Income tax recovery	-	-	-	-
Changes in non-cash working capital				
Accounts receivable	172,322	(61,028)	167,225	41,787
Prepaid expenses	(1,505)	(71,130)	2,566	(130,313)
Accounts payable and accrued liabilities	29,008	(97,266)	(505,821)	(184,340)
	4,262	(590,521)	(268,033)	(964,316)
<b>Cash flows from financing activities</b>				
Proceeds from issuance of private placement and options	30,000	46,500	236,500	195,000
Share issue cost	-	-	(3,500)	-
Proceeds from settlement of debt	-	-	95,000	-
	30,000	46,500	328,000	195,000
<b>Cash flows used in investing activities</b>				
Purchase of equipment	(377)	(167,619)	(377)	(168,246)
Funds on deposit	-	-	-	-
Mineral property acquisition	-	(40,000)	-	(40,000)
Mineral property (cost) recoveries	(154,855)	(1,002,610)	(194,906)	(1,184,635)
	(155,232)	(1,210,229)	(195,283)	(1,392,881)
<b>Increase in cash and cash equivalents</b>	(120,970)	(1,754,250)	(135,316)	(2,162,197)
<b>Cash and cash equivalents - Beginning of year</b>	628,354	3,743,987	642,700	4,151,934
<b>Cash and cash equivalents - End of year</b>	507,384	1,989,737	507,384	1,989,737
<b>Supplemental disclosure of non cash Investing and financing activities</b>				
Shares issued for mineral properties	-	-	-	-
Shares issued for agent issue costs	-	-	35,000	-

*The attached notes form an integral part of the financial statements*

## **Anglo Swiss Resources Inc.**

(an exploration stage company)

Notes to the Consolidated Financial Statements (unaudited)

**For the six months ended June 30, 2009**

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(expressed in Canadian dollars)

### **1 Going concern and nature of operations**

The Company is incorporated in British Columbia, Canada and is involved in the acquisition and exploration of its mineral interests in Canada. At the date of these 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 Company to recover the costs it has incurred to date on these properties is dependant 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 properties. The Company is in the development stage with no major source of operating revenue and is dependant upon equity financing to maintain its current operations.

At June 30, 2009, the company has working capital of \$296,978. As is typical for a development stage company, the company has incurred losses in prior periods resulting in an accumulated deficit of \$13,405,399. The company expects to continue to incur losses and is dependent on equity financing to be able to meet its obligations as they fall due. Accordingly, there is some doubt about the ability of the company to continue as a going concern.

These financial statements have been prepared on the basis of the Company being a going concern and able to realize its assets and discharge liabilities in the normal course of business. The 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 were not appropriate. Such adjustments could be material.

### **2 Significant accounting policies**

#### *Bases of Accounting and Consolidation*

The interim financial statements have been prepared in accordance with Canadian generally accepted accounting principles (Canadian GAAP) on a basis consistent with those applied to the most recent annual financial statements. These interim financial statements do not include all of the information and disclosures required by Canadian generally accepted accounting principles for annual financial statements and should be read in conjunction with the Company's financial statements for the year ended December 31, 2008.

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

## **Anglo Swiss Resources Inc.**

(an exploration stage company)

Notes to the Consolidated Financial Statements (unaudited)

**For the six months ended June 30, 2009**

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(expressed in Canadian dollars)

### **2 Significant accounting policies continued.**

#### *Capital Disclosures and Financial Instruments - Disclosures and Presentation*

Effective January 1, 2008, the Company adopted the following three new accounting standards issued by the Canadian Institute of Chartered Accountants ("CICA"):

##### (i) Capital Disclosures (Section 1535)

This standard requires the disclosure of an entity's objectives, policies and processes for managing capital, quantitative data about what the entity regards as capital and whether the entity has complied with any capital requirements and, if it has not complied, the consequences of such non-compliance.

The capital of the Company consists of items included in shareholder's equity. The Company manages its capital structure and makes adjustments to it based on the funds available to the Company in order to support the acquisition, exploration and development of its resource assets. There were no changes to in the Company's capital management approach during the six months ended June 30, 2009. The Company is not currently subject to externally imposed capital requirements.

##### (ii) Financial Instruments – Disclosure (Section 3862) and Presentation (Section 3863)

These standards replace CICA Section 3861, Financial Instruments – Disclosure and Presentation. They increase the disclosures currently required, which will enable users to evaluate the significance of financial instruments for an entity's financial position and performance, including disclosures about fair value. In addition, disclosure is required of qualitative and quantitative information about exposure to risks arising from financial instruments, including specified minimum disclosures about credit risk, liquidity risk and market risk. The quantitative disclosures must provide information about the extent to which the entity is exposed to risk, based on information provided internally to the entity's key management personnel.

The Company's financial instruments consists of cash and cash equivalents, term deposits, amounts receivable, reclamation bonds, accounts payable and accrued liabilities, the fair values of which approximate their carrying amounts due to the short-term nature of these instruments. Cash, cash equivalents, term deposits and are designated as held for trading and therefore carried at fair value, with the unrealized gain or loss recorded in interest income. Amounts receivable, reclamation bonds, accounts payable and accrued liabilities are classified as other financial liabilities and are measured at amortized cost.

## **Anglo Swiss Resources Inc.**

(an exploration stage company)

Notes to the Consolidated Financial Statements (unaudited)

**For the six months ended June 30, 2009**

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(expressed in Canadian dollars)

### **2 Significant accounting policies continued.**

Financial instrument risk exposure and risk management:

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

(a) 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 June 30, 2009, 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.

(b) Market risk: interest rate risk

The Company's exposure to interest rate risk on its cash, cash equivalents and short-term investments, is minimized as all instruments are for short terms.

(c) 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.

#### *International Financial Reporting Standards ("IFRS")*

In February 2008, the Canadian Accounting Standards Board announced 2011 as the changeover date for publically-listed companies to use IFRS, replacing Canada's own generally accepted accounting principles. The specific implementation is set for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The transition date of January 1, 2011 will require restatement for comparative purposes of amounts reported by the Company for the year ended December 31, 2010. While the Company has begun assessing the adoption of IFRS for 2011, the financial reporting impact of the transition to IFRS cannot be reasonably estimated at this time.

# Anglo Swiss Resources Inc.

(an exploration stage company)

Notes to the Consolidated Financial Statements (unaudited)

**For the six months ended June 30, 2009**

(expressed in Canadian dollars)

## 3 Mineral properties

	Acquisition costs \$	Exploration expenditures \$	Total \$
<b>Kenville</b>			
Balance - December 31, 2008	1,377,476	3,392,538	4,770,014
Expenditures	-	180,248	180,248
Balance – June 30, 2009	1,377,476	3,572,786	4,950,262
<b>Blu Starr</b>			
Balance - December 31, 2008	812,306	745,326	1,557,632
Expenditures	-	3,252	3,252
Balance – June 30, 2009	812,306	748,578	1,560,884
<b>McAllister</b>			
Balance - December 31, 2008	-	8,567	8,567
Expenditures	-	1,068	1,068
Balance – June 30, 2009	-	9,635	9,635
<b>New Shoshoni Claims</b>			
Balance - December 31, 2008	134,000	1,179,247	1,313,247
Acquisition costs	-	-	-
Expenditures	-	28	28
Balance – June 30, 2009	134,000	1,179,275	1,313,275
<b>Group of Four Claims</b>			
Balance - December 31, 2008	137,500	10,304	147,804
Expenditures	-	10,310	10,310
Balance – June 30, 2009	137,500	20,614	158,114
<b>Total mineral properties - December 31, 2008</b>	<b>2,461,282</b>	<b>5,335,982</b>	<b>7,797,264</b>
<b>Total mineral properties – June 30, 2009</b>	<b>2,461,282</b>	<b>5,530,888</b>	<b>7,992,170</b>

# Anglo Swiss Resources Inc.

(an exploration stage company)

Notes to the Consolidated Financial Statements (unaudited)

For the six months ended June 30, 2009

(expressed in Canadian dollars)

## 4 Capital stock

### Common shares issued and outstanding

	Common shares	Amount \$
Balance - December 31, 2008	107,932,837	18,451,320
Capital stock issued		
Shares issued for property	-	-
Shares issued for cash	3,630,000	363,000
Shares issued for debt	1,000,000	95,000
Shares issue costs	35,000	-
Warrants – fair value	-	(114,204)
Income tax effect - renounced flow through expenditures	-	-
Balance – June 30, 2009	112,597,837	18,795,116

### Contributed Surplus, Options and Warrants

	Options \$	Warrants \$	Contributed Surplus \$
Balance - December 31, 2008	1,745,590	941,549	438,407
Stock based compensation	409,190	114,204	-
Balance – June 30, 2009	2,154,780	1,055,753	438,407

### Options

The company has a fixed stock option. Under the terms of the plan, the company may grant options to eligible directors, employees and consultants of the company, up to a maximum of 22,250,000 common shares (previously 20,250,000). Options may be issued under the stock option plan at the sole discretion of the company's board of directors. 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 no less than either the average high and low price of the company's common stock traded on the TSX Venture Exchange for 10 days prior to the grant or the closing price of the company's common shares on the day the options are granted. Stock options will not be granted at less than \$0.10 per share.

# Anglo Swiss Resources Inc.

(an exploration stage company)

Notes to the Consolidated Financial Statements (unaudited)

For the six months ended June 30, 2009

(expressed in Canadian dollars)

## 4 Capital Stock continued.

### Options

Options Outstanding	Number of Shares	Weighted Average Exercise Price
Options outstanding - January 1, 2009	16,855,000	\$0.16
Granted	4,395,000	\$0.14
Exercised	(300,000)	\$0.10
Expired	(1,400,000)	\$0.10
Options outstanding – June 30, 2009	19,550,000	\$0.16
Options exercisable – June 30, 2009	13,710,625	\$0.15

The fair value of stock options was estimated at the grant date based on the Black-Scholes option pricing model, using the following assumptions:

	2009	2008
Expected dividend yield	Nil	nil
Average risk-free interest rate	1.97%	3.40%
Expected life	5 years	5 years
Expected volatility	108%	108%

Option pricing models require the input of highly subjective assumptions including the expected price volatility. Changes in the subjective input 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.

### Warrants

	Expiry Date	Exercise Price	Amount
Warrants outstanding - January 1, 2009	Dec. 17, 2010	\$0.35	18,436,512
Granted during year		\$0.15	3,330,000
Exercised during year		-	-
Warrants outstanding – June 30, 2009		\$0.34	21,766,512

# Anglo Swiss Resources Inc.

(an exploration stage company)

Notes to the Consolidated Financial Statements (unaudited)

For the six months ended June 30, 2009

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(expressed in Canadian dollars)

## 5 Related party transactions

- a) Included in accounts payable and accrued liabilities is \$63,804 (2008 - \$302,617) due to directors and organizations controlled by directors, and \$nil (2008 - \$15,717) due to a law firm in which an officer of the company is a partner.
- b) The company incurred consulting fees of \$108,000 (2008 - \$133,000) for management services provided by directors or officers or organizations controlled by such parties.
- c) The Company incurred fees of \$20,206 (2008 - \$84,000) for investor relations consulting services provided by a director and officers or organizations controlled by such parties

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

## 6 Outstanding matters

The Company received an additional claim with respect to the previously discussed law suit to the OJVA on the Kenville property on November 6, 2007, filed by Gold Standard Resource Corp (“GSR”) that duplicates the relief sought in the original claim dated December 27, 2006. The Company has filed its Statement of Defense and denies each and every allegation of fact contained in the claim with respect to the OJVA.

The Company believes that this suit is not properly brought forth as it is contrary to Rule 5(3) of the Rules of Court of British Columbia and that GSR is attempting to avoid ongoing attempts by Anglo Swiss to proceed with an application for the Plaintiffs to provide security for costs dated January 25, 2007. There is also an outstanding application by GSR to be added to the original claim dated March 8, 2007.

Anglo Swiss believes this claim to be without merit and is meant to cause the Company extra costs and to allow GSR to circumvent outstanding matters in the original claim and try to create a multiplicity of proceedings, contrary to the provision of the Law and Equity Act R.S.B.C.1996.c.253. Pursuant to the OJVA, in the first quarter of 2007 Anglo Swiss appointed an Auditor to audit the exploration expenditures alleged by the Optionees during the term of the OJVA. The Optionees failed to comply with the Auditor after repeated requests for the Audit materials and the Audit was completed with no basis to support the Optionees’ alleged expenditures.

The Company will continue to defend its 100% ownership of the Kenville property. Anglo Swiss has retained Ferris, Vaughan, Wills & Murphy LLP as council in this matter.

# Anglo Swiss Resources Inc.

(an exploration stage company)

Notes to the Consolidated Financial Statements (unaudited)

**For the six months ended June 30, 2009**

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(expressed in Canadian dollars)

## 7. Subsequent Events

- a) The Company has received \$735,500 from the exercise of warrants in July and August of 2009. These funds are flow through in nature and will be utilized for exploration of the Kenville Mine property with the expenditures being renounced to the original warrant holders.
  
- b) The Company has acquired the surface and under surface rights to a property known as the White Claim in August of 2009. This property is approximately 21 acres in size and is contiguous to the eastern boundary of the Company's Kenville Gold Mine property located near Nelson, British Columbia.
  
- c) The Company announced on August 27, 2009 it entered into an agreement with Kingsdale Capital Markets Inc. of Toronto ("Kingsdale"), whereby Kingsdale has been appointed as agent for the Company to sell by private placement, on a best efforts basis, 7,000,000 units of the Company (the "Units") at \$0.30 per Unit, for gross proceeds of \$2,100,000. Each Unit shall consist of one common share (a "Share") and one-half of one common share purchase warrant (a "Warrant") of the Company. Each full Warrant shall be exercisable for a period of two years at an exercise price of \$0.60 per Share.