ANGLO SWISS RESOURCES INC
Form 20-F
June 30, 2004

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

_X_

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal period ended **December 31, 2003**

OR

____

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT 1934
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 1904, Vancouver, British Columbia, Canada V6C 3N7
(Address of principal executive offices)

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, 2003
Common Shares Without Par Value	44,825,688

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 which financial statement item the registrant has elected to follow.

Item 17 X **Item 18** __

PAGE 1 OF 69 PAGES
THE EXHIBIT INDEX APPEARS ON
SEQUENTIALLY NUMBERED 68.

INTERPRETATION

This information set forth in this Form 20-F Annual Report is as at December 31, 2003 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 15 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.

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.

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.

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 aluminum 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.

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.

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.

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

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.

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.

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.**

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.

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.

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.

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.

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 had PricewaterhouseCoopers, LPP, Chartered Accountants (PWC) act as their auditors since 1981. PWC has offices at 250 Howe Street, Suite 700, Vancouver, British Columbia, V6C 3S7. PWC are appointed annually by the shareholders to conduct an audit in accordance with auditing standards generally accepted in Canada and the United States.

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 consolidated 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, 2002 are not necessarily indicative of results for future periods.

Selected Financial Data Prepared in accordance with Canadian GAAP

Item	Dec, 31/03	Dec, 31/02	Dec.31/01	Dec. 31/00	Dec 31/99
(a)	$888	$90,456	$3,512	$7,161	$813
Interest income					
(b)	$(269,542)	$(82,995)	$(660,334)	$(254,087)	$(289,610)
Net earnings (loss)					
(c)	$(0.00)	$(0.00)	$(0.02)	$(0.01)	$(0.01)
Net earnings (loss) per common share					
(d)	$3,843,615	$3,899,540	$3,946,930	$4,573,058	$4,377,993
Total assets					
(e)	NIL	NIL	Nil	Nil	Nil
Total long-term debt					
(f)	$3,406,887	$3,628,483	$3,711,478	$4,116,442	$3,770,529
Net Assets					
(g)	$11,224,585	$11,224,585	$11,185,585	$10,969,215	$10,369,215
Capital Stock					

(h) No. of Common Shares	44,825,688	44,825,688	44,500,688	42,697,606	38,697,606

Note 15 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, 31/03**	**Dec, 31/02**	**Dec. 31/01**	**Dec. 31/00**	**Dec 31/99**
(a) Interest income	$888	$90,456	$3,512	$7,161	$813
(b) Net earnings (loss)	$(203,527)	$(2,492,566)	$(252,747)	$(313,024)	$(368,274)
(c) Net earnings (loss) per common share	$(0.00)	$(0.06)	$(0.01)	$(0.01)	$(0.01)
(d) Total assets	$1,035,461	$1,025,371	$3,482,332	$3,700,873	$3,564,745
(e) Total long-term debt[(1)]	NIL	NIL	Nil	Nil	Nil
(f) Net Assets	$598,733	$754,314	$3,246,880	$3,244,257	$2,957,281
(g) Capital Stock	$11,224,585	$11,224,585	$11,185,585	$10,969,215	$10,369,215
(h) No. of Common Shares	44,825,688	44,825,688	44,500,688	42,697,606	38,697,606

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 04, 2004 the exchange rate, based on the noon buying rate published by the Federal Reserve Bank of New York, for the conversion of United States dollars into Canadian dollars (the Noon Rate of Exchange) was $0.7405 (US$1.00 = CDN$1.3505).

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

	May 2004	**April 2004**	**March 2004**	**February 2004**	**January 2004**	**December 2003**
High for Period	1.3928	1.3711	1.3480	1.3442	1.3340	1.3405
Low for Period	1.3580	1.3095	1.3080	1.3108	1.2729	1.2923

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.

	2003	**2002**	**2001**	**2000**	**1999**
Average for the period	1.4165	1.5701	1.5530	1.4772	1.4718

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 hope 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 and beyond are subject to various federal, state 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 gemstone/gold 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.

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 gold, and gemstones to a lesser extent, is affected by various factors, including political events, economic conditions and production costs in major gold producing regions and governmental policies.

Sales and Refining

If production is achieved, gold 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 the gold and silver 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 gold purchasers, the Company believes that it is not dependent upon the sale of gold 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 sapphires is maintained mostly through a well established market in Thailand that accounts for 80% of sales. However, there is no certainty that the Company will be able to sell any of its sapphires and other gemstones in the market.

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 has sufficient financial resources to undertake all of its planned exploration programs and meet its general and administrative expenses budgeted through the current fiscal year ending 2004. The Company has recently completed a private placement of $518,000 through the issuance of common shares. SEE ITEM 17. FINANCIAL STATEMENTS Note 16. The development of the Company s properties in the future will still 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 net losses to date. Its deficit as of December 31, 2003, was $7,971,960. 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 and Ecuador 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 that 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 consolidated financial statements of the Company are, in effect, the same as the consolidated 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 consolidated financial statements of the Company are, in effect, the same as the consolidated 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, 2002, there were 44,825,688 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 1904, Vancouver, British Columbia, Canada, V6C 3N7. 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 and the Blu Starr Property, both located in south eastern British Columbia, between Nelson and Castlegar.

The Catamayo River Property, and the Nuevo Playas Property located in Ecuador were held either directly or by a separate wholly owned subsidiary of the Company. There has been no recent work undertaken since 2000 on either of the Company s properties in Ecuador andaccordingly, the Company wrote down the total deferred exploration and acquisition costs of $467,390 in the fiscal year ended December 31, 2001. The Company estimated a net recoverable amount of equipment located in Ecuador of $25,000, and wrote down this amount in 2003 as the Company was unsuccessful in its attempts to sell the equipment. The Company has divested itself of its subsidiaries, Canadamin S.A. and Anglo Swiss International Holdings Inc.. **See ITEM 4.C Information of the Company Organizational Structure and ITEM 4.D Information of the Company Property, Plants and Equipment**.

The Kenville Mine Property is owned directly 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 now been wound up. On

February 10, 1995, 409556 entered into an option joint venture agreement with Teck Corp. (the Option Joint Venture Agreement). The 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 agreement to explore the Kenville Mine property effective August 29, 2003. The optionees may 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 ($30,000 paid) and expending $700,000 over the three year exploration period, ending August 29, 2006. The optionee may at any time during this term, elect fo form a Joint Venture to put the property back into production by expending the total $800,000.

The Kenville Mine will be subject to a detailed geological evaluation to determine current and prospective ore reserves in accordance with National Instrument 43-101. Surface and underground exploration programs are being evaluated in conjunction with the $700,000 exploration requirement under the option agreement.

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A surface exploration program is being considered to enlarge the soil geo-chemical grid to explore and expand the present anomalies discovered during the mid 1990 s by Teck Corp. A geo-chemical soil grid located a large copper, gold, silver and molybdenum anomaly, which may overlie a zone or zones of foliation-conformable porphyry copper-style mineralization. The soil anomaly is located near the periphery of a felsic intrusion in a virtually unexplored area. The anomalous area is 1000 meters in strike length and 250 meters in width, and is open to expansion. Magnetometer and VLF-EM surveys, machine trenching, surface prospecting and geological mapping will be used to follow-up the anomalies.

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A diamond drill program is also planned to investigate the newly discovered Eagle Vein and three drill sites have been selected on the surface. Based on the initial results, further diamond drilling may also be taken from the existing underground infrastructure to expand the existing vein structures. Given the known structural and mineralogical complexities of the productive vein systems, comparatively little weight in reserve calculations was historically given to drill intersections. Due to the nugget effect from native gold in assay samples and variability in vein width, underground bulk sampling was the preferred method of testing the veins, using the classic drill for structure, drift for values development plan. The Eagle Vein is located about 150 meters west of the Hardscrabble Vein on the 2570 level, and would require a new crosscut drift from the mine workings to facilitate underground bulk sampling.

The Blu Starr Property is owned directly 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.Geol., 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 lapsed 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 total expenditures to date are pending joint review to determine Hampton s position in regards to Phase II.

The Company intends to perform drilling and trenching of the alluvial held within placer claims on the valley floor by year-end 2004. Hampton Court elected not to participate within the placer claims; therefore the Company holds 100% rights to these 13 claims.

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. Proposed work programs that have been submitted for approval and are in the planning stages include:

- Evaluation of the alluvial gravels for economic concentrations of gemstones by trenching and churn drilling including gemstone grading and selection, and

- Bulk sampling of the numerous showings of sapphire, iolite and garnet for preliminary bench-scale test-work directed toward gemstone extraction from the matrix including gemstone selection and grading.

Less than 10% of the Blu Starr property has been explored and mapped to date.

The Kenville Mine Property is located within 40 kilometers of the Blu Starr Property and is being utilized as a processing plant for the extraction, sorting and grading of the rough gemstones, thereby reducing considerably the processing costs for the Company and Hampton.

During the year ended December 31, 2003 no further work was done on the Blu Starr Property. 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.

The 1852 acres of placer claims have been evaluated for their mineralogical and gem potential. Recommendations for the 2001 exploration season include a drill program of 12 holes plus 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.

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. 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 owned the Riley Property up until July 1999, which consisted of 100 claim units in six mineral claims totalling 2,500 hectares. The Company acquired the Riley Property on June 4, 1996 from 500303 B.C. Ltd. of Vancouver, British Columbia, a private company owned by two Directors of the Company, in return for reimbursement of staking costs of $30,000. The Company forfeited all the rights to the Riley Property ending July 1999 to focus instead on development of the Kenville Mine and Blu Starr properties.

The Catamayo River Property was owned by Canadamin S.A., which had a head office and principal office address located at 837 West Hastings Street, Suite 410, Vancouver, British Columbia, Canada V6C 3N6. The Company indirectly acquired all of the issued and outstanding shares of Canadamin S.A. through its wholly-owned subsidiary, ASIHI, from ASII as a part of the Reorganization.

On August 17, 1995, Canadamin S.A. acquired the right to four placer mineral concessions totalling 268 hectares along the Catamayo River, in southern Ecuador for the exploration of placer gold. The Trapichillo and Trapichillo 1 concessions together consist of 31 hectares and the Catamayoro and Catamayoro 1 concessions together consist of 237 hectares (together these