

Kenville Gold Mine Property

884562

TSX - Kenville
[Catalpa] (Apr. 04)

Anglo Swiss Resources Inc.

Spring 2004

Property Location

The Kenville Mine Property consists of 15 Crown granted (446.99 acres) and 10 staked mineral claims (617.8 acres) and 91.78 acres of deeded fee simple surface property, all held directly by Anglo Swiss Resources. It is located near Nelson, British Columbia at an elevation of between 600 and 1,200 metres. It is easily accessed by the Kenville Mine Road, which connects directly to Provincial Highway 3A. It is approximately 35 kilometres east of the Castlegar Airport and 65 kilometres north of Cominco Ltd.'s smelter in Trail, British Columbia. The map shows the location of the Kenville Mine Property.

The first recorded mineral production in British Columbia history was in 1884, from the nearby Silver King property.

History Prior to Anglo Swiss

The Kenville Mine Property has a long history as a gold producer, and is notable as British Columbia's first producing hardrock gold mine. It was discovered prior to the 1880s and originally known as the **Granite-Poorman Mine**.

In 1946 Kenville Gold Mines Ltd., a company controlled by **Quebec Gold Corporation** and **Noranda Mines Ltd.**, built a 125 ton per day cyanide mill and commenced significant exploration, development and mining operations. Operations ceased in 1949, save for the continued milling of ore by individual lessors until 1954.

Small amounts of high grade ore from the Kenville Mine Property were shipped in 1960 and 1961 directly to Cominco Ltd.'s smelter located in Trail.



Historic Kenville Gold Mine



Noranda Mines Ltd. subsequently removed all usable equipment from the Kenville Mine Property in 1962.

In 1969, **Algoma Industries & Resources Ltd.** acquired the Kenville Mine Property, reopened the 257 level and commenced dewatering activities. After Algoma rebuilt the primary crushing mill, mining activities were recommenced for a period, and eventually ceased in 1986.

In 1987, **Coral Industries Ltd.** acted as a trustee for a partnership of three individuals that purchased the Kenville Mine Property from Algoma and exercised its rights to direct control of operations late in 1989. Coral invested approximately \$750,000 in anticipation of recommencing mining operations.

Small scale mining production was commenced for the purposes of testing milling operations. The tests indicated that the mill was not properly

Symbols: ASW - TSX-V

ASWRF - OTCBB

AMO - Berlin Stock Exchange

designed but that the ore was amenable to the recovery of precious metals by a flotation process. A bulk sample of 180 short tons was shipped in the summer of 1991 by rail to Asarco incorporated in East Helena, Montana. **The bulk sample graded 0.46 oz/ton of gold.**

Although the property had not been in production for years, figures released in 1990 ranked the property as the **26th largest producer in British Columbia history.** British Columbia Government records indicate that between 1890 and 1954, the Kenville Mine produced 2,024,306 grams of gold (2 metric tonnes) from 181,120 tonnes of ore. Although copper, lead, zinc and tungsten were known to be present, no record of significant production of these metals is found. The historical silver to gold ratio for the mine was 0.43.

History Since Anglo Swiss Acquisition

Since acquiring ownership of the Kenville Mine Property, in 1992, Anglo Swiss engaged in a small amount of test production for evaluating flotation results at a custom milling operation of Bow Mines Ltd. located near Greenwood, British Columbia. Testing confirmed that ore from the Kenville Mine Property is amenable to flotation, with a recovery rate of greater than 85%.

On February 10, 1995, Anglo Swiss entered into an Option Joint Venture Agreement with **Teck Corp.** The agreement provided Teck Corp. with the right to earn a 70% undivided interest to the Kenville Mine Property.

On July 13, 1995, **Teck Corp.** commenced a diamond drilling program, drilling a total of five holes with a total depth of 1,110 metres, along approximately 475 metres of strike length. The 1995

A significant zone of copper mineralization with accessory silver and molybdenum was encountered in drill hole TECK-95-03, within carbonate-potassic altered and foliated diorites. The most significant zone consisted of 1.03% copper from 248.9 – 257.6 metres. A new west dipping quartz vein was intersected in drill holes TECK-95-04 and TECK-95-05 with a high grade section in hole 95-05 assaying **82.15 g/t gold across 0.25 metres.**

Teck Corp. report January 15, 1996

drill program successfully located several zones of copper, silver, gold and molybdenum mineralization and a significant new gold quartz vein. **Economic grades and favourable geology were found in all**

five drill holes, with one hole containing three separate mineralized zones of economic interest.

However, because drilling was along or close to foliation planes, Teck Corp. was prevented from determining the true width of the mineralized shear zones. In the fall of 1995, after optioning several adjoining properties, Teck Corp. conducted approximately 3.2 kilometres of surveyed grid, followed by an induced polarization survey.

After exercising the second year option on February 10, 1996, Teck Corp. conducted a magnetometer survey. These two programs identified a large, coincident Au, Cu, Ag, Mo (gold, copper, silver, molybdenum) soil anomaly in a previously unexplored part of the property. This new anomaly, measuring approximately 250 metres by 1,000 metres (open to expansion) along a NW/SE trend, was located west of the new gold vein system, previously identified by Teck Corporation in their 1995 exploration program.

Soil values varied up to a maximum of 6,215 ppm (0.62%) copper, 1970 ppb gold, 9.9 ppm silver and 24 ppm molybdenum. A large, partially buried float boulder containing chalcopryite, bornite and tourmaline in a felsic intrusive rock was located near the centre of the anomaly and gave values of 0.45% copper and 700 ppb gold. The Company believes this new anomaly overlies the projected strike of the Silver King Shear Zone, which hosts many of the most productive mines in the Nelson Mining District.

The 1996 diamond drill program was successful in locating numerous zones of copper, gold and molybdenum mineralization across a tested strike length of approximately 700 metres. The Kenville property remains a viable target for porphyry style mineralization, containing favourable host rocks, alteration and mineralogy.

Teck Corp. report January 23, 1997

Teck Corp. also informed Anglo Swiss of a new chalcopryite outcrop occurrence on the southern part of the Kenville Mine Property. This occurrence lies within the strong coincidental induced polarization chargeability and magnetic high zone. The 1996 Teck Corp. drill program consisted of seven drill holes, totalling 1317.5 metres, drilled in two separate areas along approximately 700 metres of strike length, on the west side of Eagle Creek.

On January 22, 1997, in spite of successful results (see box), Teck Corp. informed Anglo Swiss of its intention not to continue with the third year of its option. At this time, just prior to the exposure of the Bre-X fraud, any property with a potential smaller than 30 million ounces fell below everyone's radar screen.

Anglo Swiss continued to investigate the Eagle Vein through 1998 with a geochemical soil survey designed to assist in targeting drill sites. A total of 341 soil samples were taken at 25-meter intervals on 8375 meters of grid lines. The soil survey showed a high-contrast gold anomaly stretching more than 500 meters to the south along the projected strike of the Eagle Vein. Prospecting the anomalous zone located quartz vein float that assayed 0.7 oz/t gold, and several showings containing copper mineralization.

Three drill site locations were then prepared and 250 meters of road access completed to allow for continued exploration. During this period, the price of gold continued its decline, and Anglo Swiss redirected its exploration program to the company's gemstone properties.

Geology of Kenville Gold Mine Property

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

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

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



Mineralization

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

The tungsten content of quartz veins at the Venango and Shenango workings is higher than that present at the Kenville Mine Property. Scheelite has been observed in the 217 Flat vein, the Upper 217 (also referred to as the "Jewellery Box" area), the Yule vein and, to a lesser extent, in the Hardscrabble vein. Scheelite is generally coarse and occurs as distinct veins within the quartz, usually independent of the sulphides. It appears that the scheelite content increases towards the south. Quartz is the main gangue mineral but pink feldspar, calcite and tourmaline are often present.

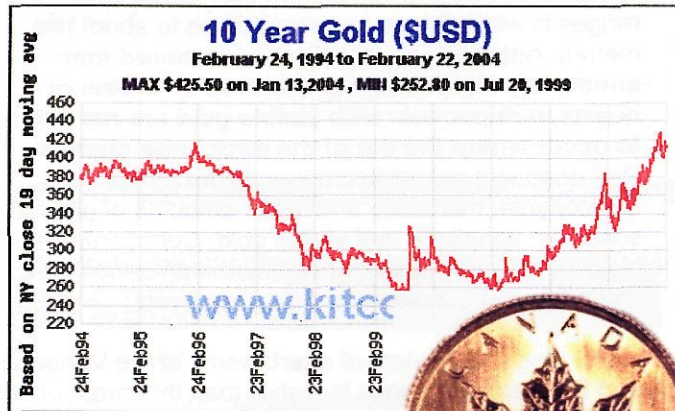
The veins vary in width, attitude and in the character of the quartz. The main veins are, for the most part, freewalled accompanied by a gouge selvage, while the flatter ore shoots are frozen to the walls. The veins are in narrow extensional fault zones with the hanging walls of each vein moving relatively upward and southward an unknown distance. From available data, there also appears to be present on the Kenville Mine Property, quartz stockwork zones of significant widths (15 metres) with economically significant values of copper and gold.

Permitting

The Company has obtained all permits, approvals and bonding required to enable it to carry on exploration activity at the Kenville Mine Property. The majority of the property is crown granted land; while the 10 staked mineral claims that partially comprise the Kenville Mine Property are in good standing through 2006.

Mine and Equipment

The Company has maintained the property with a caretaker on-site throughout the last five years. Facilities at the Kenville Mine Property include a shop and core storage; an engineering office; an office and assay lab; showers and safety area for underground and surface employees; compressor facilities; a Mine Manager's residence and the plant itself. The plant consists of a coarse ore bin, jaw crusher, cone crusher and fine ore bin, with a crushing capacity of 300 short tons/day.



The underground workings at the Kenville Mine Property are extensive. The 257 level and the 217 heading were rehabilitated in 1986 with trackage and air supply piping to these two levels. Underground mine facilities are complete with all necessary mining and safety equipment on site. Electric power is supplied by the City of Nelson. Fresh water is supplied from nearby Eagle Creek.

Summary

The Company has not performed any major exploration on the Kenville Mine since the downturn in the mining industry, which began in late 1997. A geological compilation of historical data in 1998 identified several areas within the old mine that could host potential ore reserves.

The current increase in the price of gold to \$US400 per ounce and an overall improvement in the outlook for the mining industry, has presented an opportunity for management, in conjunction with its exploration/drilling partner, to continue exploration of the Kenville

Gold Mine, both above and below ground. A recent option joint venture requires a total expenditure of C\$700,000 to be spent on surface exploration by August 2006, prior to entering a formal joint venture.

The Kenville Mine will be subject to a detailed geological evaluation during 2004, to determine current and prospective ore reserves. A surface exploration program is being considered to enlarge the soil geo-chemical grid to explore and expand the anomalies previously discovered by Teck Corp. Magnetometer and VLF-EM surveys, machine trenching, surface prospecting and geological mapping will be used to follow-up the anomalies.

A diamond drill program is also planned to investigate the Eagle Vein and three drill sites have been selected and prepared. Based on the initial results, further diamond drilling may be taken from the existing underground infrastructure as well to possibly expand the known 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.

Recent new legislation and tax incentives highlight the new government's commitment to the mineral sector. A private placement is being sourced to continue exploration, with a view to putting the property into production.

Disclaimer – The information contained in this report was obtained from sources we believe to be reliable. We do not represent that such information is accurate or complete and it should not be relied on as such. This report is not to be construed as an offer to sell or solicitation to buy securities. The Kenville Mine will be subject to a detailed geological evaluation to determine current and prospective ore reserves compliant with NI 43-101. As the historical reports were prepared prior to the implementation of NI 43-101, any information disclosed in this report may include assay results which may summarize the highest or best values, or on an "up to" basis, they therefore should not be relied upon in making investment decisions

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52 Week Low/High: \$0.04 -\$0.20

Issued Shares
At February 2004:
Approximately 49 million

In Progress