

680845

**DOMINION
ANTHRACITE
LTD.**

**ANNUAL REPORT
1985**

ABOUT ANTHRACITE

Anthracite is a hard, clean-burning, clean-handling coal with a high energy content. It is used extensively as a domestic and industrial fuel in Europe and Asia where domestic supplies are beginning to diminish.

Coarse, clean anthracites are used for home heating and specialty smelting in a number of European countries. Smaller-sized coals are used for titanium smelting and as boiler fuel; and unsized, high-ash coals find ready markets for home heating briquettes in Korea and Japan. Anthracite is also used as a component in filtering systems for the treatment of public water supply and in other specialty applications.

The Groundhog coal basin has been known since the turn of the century; however, recent exploration prompted by the growing use of anthracite as a clean fuel has identified this as a world-class anthracite resource. It is located just 100 miles from the all-season port of Stewart, B.C. Low-cost surface mineability and ready access to an ocean port will make anthracite products from this area very attractive to overseas customers.

Anthracite from northwestern British Columbia is suitable for a wide range of uses in North America, Europe and Asia. It does not compete with the products of other British Columbia coal companies which mainly export coking coal for steel making or thermal coal for power generation.

The eight square miles of coal licences held by Dominion in the new field cover substantial anthracite measures which have the quality and mining potential to be a competitive supplier to the world market when a transportation system, now under study, is developed to serve the coalfield.



REPORT TO SHAREHOLDERS

Dear Shareholder:

The Company changed its name in 1985 to more accurately reflect the nature of its coal resource and to identify it as Canadian to the overseas anthracite market.

The Company continues to hold eight licences totalling approximately 5,000 acres located in northwestern British Columbia, 22 miles south of Mt. Klappan and 90 miles northeast of the port of Stewart, B.C.

Geological mapping and surface sampling on the licences has identified 15 coal seams, each more than one metre in thickness, contained in an open, gently plunging syncline with excellent strip mining potential. It is estimated that this structure contains an "indicated resource" of 11.5 million tonnes and a further "inferred resource" of 209.9 million tonnes. Coal quality and washability analyses indicate that the Dominion licences are capable of producing a multi-product anthracite coal with product coal ash values as low as five percent. Clean coal calorific values for the medium and low ash products would be 31.4 and 33.4 (MJ/kg) respectively. The hard, coarse nature of the extracted coal suggests an excellent anthracite product.

Elsewhere in the district, Gulf Canada Resources Inc. is continuing to develop its major anthracite project as Mt. Klappan and a new highway from the port of Stewart to the coalfields is now the subject of an engineering study.

In late 1985, the Provincial Government Regulations with regard to coal licence rentals and work requirements were modified considerably. As a result, the Company's current annual maintenance cost has been reduced from \$80,000 to approximately \$10,000.

Recently received inquiries about the Company's property indicates a definite interest in Canadian anthracite by Korean buyers.

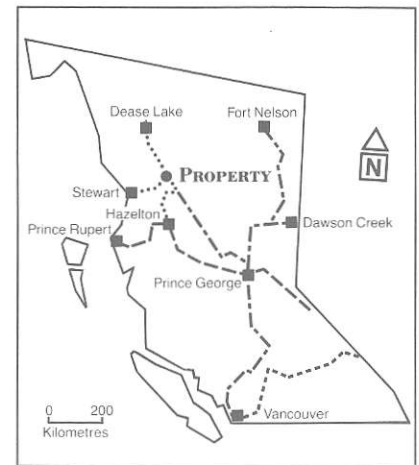
The Company presently has \$75,000 of working capital which will cover the cost of maintaining its coal land for several years and management looks forward optimistically to the development of a substantial anthracite mining industry in northwestern B.C. in the near future.

On behalf of the Board,



A.F. Reeve
President

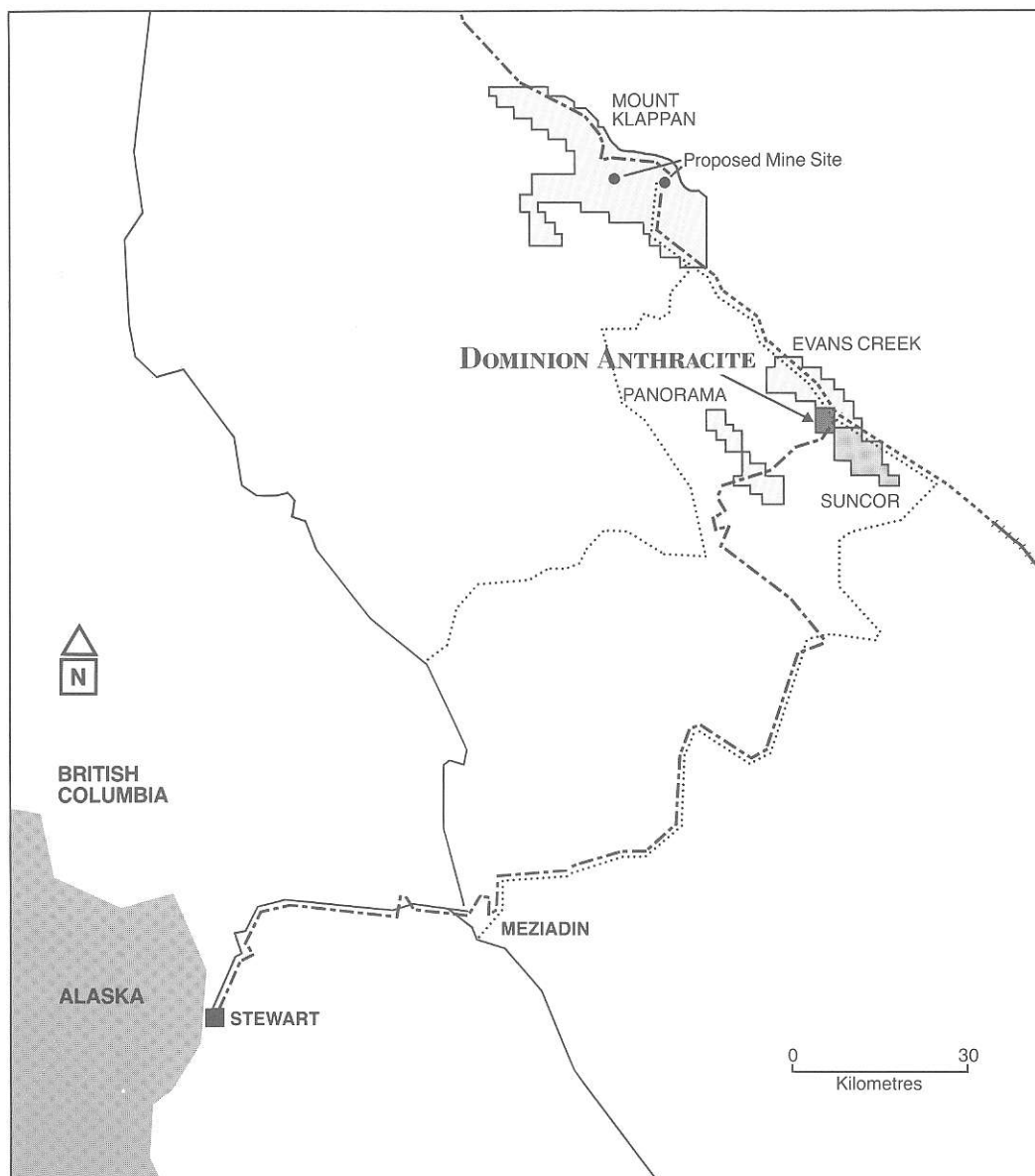
February 18, 1986



- B.C. Rail
- C.P. Rail
- C.N. Rail
- Proposed Routes

LOCATION MAP

showing proposed access routes



- Dominion Anthracite Ltd.
- Gulf Canada Resources Inc.
- ▣ Suncor Inc.

- Highway
- Proposed Highway
- + + + + + Railway
- - - - - Proposed Rail Routes
- . - . - . Grade Completed

Dominion Anthracite Ltd.
BALANCE SHEET

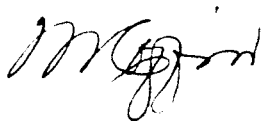
As at December 31, 1985
(prepared by management without audit)

	1985	1984
	\$	\$
ASSETS		
Current Assets		
Cash	74,441	1,900
Accounts receivable	864	4,420
	75,305	6,320
Mineral Properties (note 3)	132,522	132,522
Deferred Costs	160,170	141,677
	367,997	280,519
LIABILITIES		
Current Liabilities		
Accounts payable	1,183	5,310
Advances from Shareholders (note 4)	132,522	132,522
	133,705	137,832
SHAREHOLDERS' EQUITY		
Capital Stock (note 5)		
Authorized		
5,000,000 common shares without par value		
Issued and fully paid		
1,832,100 common shares	234,292	142,687
	367,997	280,519

Approved by the Directors



Director



Director

Dominion Anthracite Ltd.**STATEMENT OF CHANGES IN FINANCIAL POSITION**

for the year ended December 31, 1985
(prepared by management without audit)

	1985	1984
	\$	\$
Source of Working Capital		
Share capital issued		
— for cash	91,605	4,420
— for exploration		55,580
	91,605	60,000
Use of Working Capital		
Deferred costs	18,493	74,202
Increase (Decrease) in Working Capital	73,112	(14,202)
Working Capital – Beginning of Year	1,010	15,212
Working Capital – End of Year	74,122	1,010
Represented by:		
Current assets	75,305	6,320
Current liabilities	1,183	5,310
Working Capital – End of Year	74,122	1,010

Dominion Anthracite Ltd.
STATEMENT OF DEFERRED COSTS

for the year ended December 31, 1985
(prepared by management without audit)

	Costs December 31 1984 \$	Incurred during the year \$	Costs December 31 1985 \$
Exploration Costs			
Technical professional services	34,814	1,544	36,358
Geochemical and metallurgical	6,284		6,284
Aircraft and helicopter	10,114		10,114
Lease rental and other fees	77,769	10,424	88,193
Travel and accommodation	6,423		6,423
Communications and freight	737	564	1,301
Field supplies	2,762		2,762
Office	1,979	557	2,536
	<hr/> 140,882	<hr/> 13,089	<hr/> 153,971
Administrative Costs			
Financial and administration	3,361	2,350	5,711
Advertising and promotion	118	76	194
Accounting and legal	2,261	2,092	4,353
Office and travel	1,665	2,530	4,195
Interest income	(6,610)	(1,664)	(8,254)
	<hr/> 795	<hr/> 5,404	<hr/> 6,199
Total Deferred Costs	<hr/> 141,677	<hr/> 18,493	<hr/> 160,170

Dominion Anthracite Ltd.
NOTES TO FINANCIAL STATEMENTS

for the year ended December 31, 1985
(prepared by management without audit)

1. Operations

The company is in the exploration stage and, on the basis of information to date, does not yet have economically recoverable reserves. The underlying value of the mineral properties and related deferred costs is entirely dependent upon the existence of such reserves, the ability to obtain the necessary financing to develop the reserves and upon future profitable production.

2. Significant Accounting Policies

Mineral Properties and Deferred Costs

The cost of mineral properties and the related exploration and administration costs are deferred until the properties to which they relate are placed into production, sold or abandoned. These costs will be amortized over the estimated useful life of the properties following the commencement of production or written off if the properties are sold or abandoned.

3. Mineral Properties

The company owns eight coal licences covering an area of eight square miles in the Cassiar Land District of British Columbia.

4. Advances from Shareholders

During the year, Castlemaine Explorations Ltd. sold its shares in the company to Bell Molybdenum Mines Ltd., Tombill Mines Limited and Exaton Resources Ltd. The advance from Castlemaine of \$56,261 was allocated pro-rata to the purchasers, as authorized by Castlemaine.

Gail and Willard Tompson	\$ 20,000
Bell Molybdenum Mines Ltd.	68,875
Tombill Mines Limited	35,877
Exaton Resources Ltd.	7,770
	<hr/>
	\$132,522

The advances from shareholders are without interest and are repayable only from proceeds received by the company, including production advances, relating to the coal licences (note 3).

5. Share Capital

During the year, the company issued 305,350 shares of its capital stock for \$91,605 cash.

6. Related Party Transactions

During the year, the company paid \$6,220 to two corporations which had common management with the company for technical, administrative and financial services.

CORPORATE DATA

Head Office:

904 - 675 West Hastings Street
Vancouver, B.C.
V6B 1N2

Directors:

Albert F. Reeve
Director

Willard Tompson
Director

Mervyn K. Coffin
Director

Stuart Horne
Director

John Weatherall
Director

Officers:

Albert F. Reeve
President

Jurgen T. Lau
Secretary

Solicitors:

Bull, Housser & Tupper
3000 Royal Centre
1055 West Georgia Street
Vancouver, B.C.
V6E 3R3

Records & Registered Offices:

3000 Royal Centre
1055 West Georgia Street
Vancouver, B.C.
V6E 3R3

Principal Shareholders

Bell Molybdenum Mines Ltd.	31%
Tombill Mines Limited	31%
Canada Tungsten Mining Corporation Limited	15%