

**ARCTIC RED RESOURCES CORP.**

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PRESIDENTS REPORT

I take pleasure in summarizing your company's activities and achievements since incorporation in February 1980, in this, the first annual report of your company. A primary distribution of shares to the public was successfully completed in November 1980 to net your company \$800,000. The shares of Arctic Red were called for trading through the facilities of the Vancouver Stock Exchange on March 3, 1981.

Your company's principal activities during the 1980 field season centered around the exploration of the optioned "East Block" claims adjacent to the former gold producer, the LaForma Mine. These properties are located 45 km northwest of Carmacks, Yukon Territory. Both properties are held under option from Discovery Mines Ltd.

The East Block claims contain a large soil geochemical anomaly high in gold, associated with a quartz-feldspar porphyry breccia. High coincident gold and arsenic geochemical values occur in an area 1,600' long by 1,400' wide. Values in excess of 160 parts per billion gold and 250 parts per million arsenic have been outlined against background values of 1 part per billion gold and 5 parts per million arsenic.

The occurrence was previously explored with only a limited amount of drilling. The best intersections in this program included a 74 foot intersection assaying 0.068 oz. gold/ton and 0.116 oz. silver/ton and a 79 foot intersection assaying 0.061 oz. gold/ton and 0.327 oz. silver/ton.

The 1981 program will include induced polarization, magnetic and electromagnetic surveys followed by drilling. The program, budgeted at \$300,000, will be supervised by Archer, Cathro & Associates.

Your company's principal effort in 1981 will be centred on the LaForma Mine which is a past-producer. When Discovery Mines Ltd. of Toronto ceased production in 1966, remaining reserves in the G3 Vein were estimated at 68,546 tons grading 0.44 oz. gold/ton above the No. 4 level. The property has excellent exploration potential for additional reserves both at depth and on its strike projections.

The 1981 program on the LaForma Mine is designed to re-evaluate the deposit in light of modern gold prices. The evaluation, under the supervision of Trenaman, Spencer and Associates, will include rehabilitation of the existing underground workings, resampling, underground drilling and feasibility studies.

The management of your company continues to be optimistic about the merits of these two projects.

On behalf of the board,



H. H. Waller,  
President