The compelling long-term case for copper, with an eye on Kodiak

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Copper has had a pretty wild ride, so far, in 2021. Starting the year at just over US$3.50/lb, it quickly gained momentum with optimism over the “opening up” of trade based on the perception (at the time) that perhaps we had nipped Covid in the bud, and that the global economy would soon get back to some semblance of normal. This rallied the price of copper up to a high of US$4.37/lb in late February before the price consolidated in the US$4.00-US$4.20/lb range. The next rally was driven by the excitement around the green revolution or the electrification of everything. Every pundit and talking head on the business channels was talking about the growth rate of EVs, renewable energy, battery storage, etc., all of which would soon require a lot more copper than is being produced today. This charge upwards drove copper up to an intraday high of US$4.89/lb in early May, or roughly a 40% gain in just over 4 months. However, as the saying goes, often the cure for high prices is high prices, and that seems to have been the case for copper as the commodity appears to be in a bit of a downtrend at present.

The positive is that there appears to be solid support at roughly the US$4.00/lb threshold, and there hasn’t been a decisive break below the 200 day moving average. I also believe the long term case for copper is compelling. Whatever path we ultimately take to reduce our carbon footprint over the next years and decades is going to require a lot of copper. Will there be up and downs in the interim? For sure. The fallout from

the Evergrande, property speculation, debacle in China could put a crimp in their economy, particularly in the building sector, but I don't feel there will be a global contagion arising from that. In the long run there is a global political will to create a cleaner, greener future for the world, and that is going to make copper a "go to" commodity for a long time.

That's my long-winded way of saying we should look at a copper stock today. Having grown up in the interior of B.C., one junior explorer I've been keeping an eye on is Kodiak Copper Corp. (TSXV: KDK | OTCQB: KDKCF). The Company's most advanced asset is the MPD copper-gold porphyry project in the prolific Quesnel Trough in southern British Columbia, where in 2020 the Company made a high-grade discovery at the Gate Zone. Plans for 2021 include a fully funded 30,000 metre drill program including several target areas, as well as further geophysical and geochemical surveying, prospecting, and geotechnical studies. By early July, Kodiak had completed over 15 drill holes with results suggesting that the 1.2 kilometre long copper-in soil target in this area is underlain by a significant copper-gold-silver porphyry system. Highlights from the first 6 holes included an increase in the strike length of the Gate Zone from 125 metres to 800 metres, and a 242 metre intersect of 0.52% CuEq.

Unfortunately, the Company had to pause their drilling efforts in August due to wildfire risks, but ramped up activity at the end of August with two drill rigs. As of September 1st, 25 holes totaling 13,600 metres have been completed and the Gate Zone had been expanded further to 950 metres in length, 350 metres in width (east-west) and to a depth of 800 metres, being open in all directions. This is all pretty exciting, but the best part is that there's lots more to come. Including drilling the high priority Dillard target which exhibits similar copper-in-soil

anomalies, geophysical responses, and has shown encouraging historic drilling like the Gate Zone. Dillard will be drill-tested in Q4 as part of the 2021 program. And let’s not forget we’ve only seen results from the first 6 drill holes, leaving at least 19 still to come, the results from which should be available any day now.

It appears there should be fairly steady news flow out of Kodiak Copper for the rest of 2021. With 48.7 million shares outstanding the Company has a market cap of roughly $61 million based on yesterday’s close of $1.26. They have a fairly tight share structure so any positive news could give this stock a pretty good shot in the arm. Hopefully, exciting news is on its way.