Kodiak Copper – Annual Investor Letter

written by Raj Shah | January 6, 2022
January 5, 2021 (Source) – Dear Fellow Investor:

2020 was indeed our Year of Discovery!

Kodiak Copper (TSXV: KDK) had a truly momentous and transformational 2020. We reported our first results from a discovery at what could be a world-class copper-gold porphyry system at the MPD project, raised almost $18 million and attracted a large, respected industry participant as a significant shareholder, all resulting in a manyfold increase in our share price and valuation. I am excited to report that 2021 is shaping up to be an equally exciting year but would first like to extend a heartfelt thank you to Kodiak's dedicated team, our shareholders, supporters and local First Nations who all contributed to our company's success.

You could say that our small initial drill program at the MPD copper gold porphyry project in Southern British Columbia met with success right 'out of the Gate'. In January, Kodiak was able to announce results from a new discovery at what we coined the Gate Zone. The discovery hole was mineralized from bedrock surface to over 800 metres in depth, with intervals having grades comparable to the mined grades at neighbouring copper mines. This was the first sniff that there was potential to be unlocked below the shallow historic drilling at MPD, a validation of the approach taken by our exploration team led by Kodiak's Chairman and Founder, Chris Taylor.

Our Gate Zone discovery was followed by a name change in March to Kodiak Copper to reflect the company's new focus on the red

metal. After closing a $2.8 million private placement and a share consolidation we set out to follow up on our early exploration success.

Drilling at the Gate Zone recommenced in summer and despite the global pandemic, we were still able to operate due to MPD's location in an established mining district in Southern British Columbia with excellent infrastructure and accessibility. We could rely on local crews and carry out our program as planned.

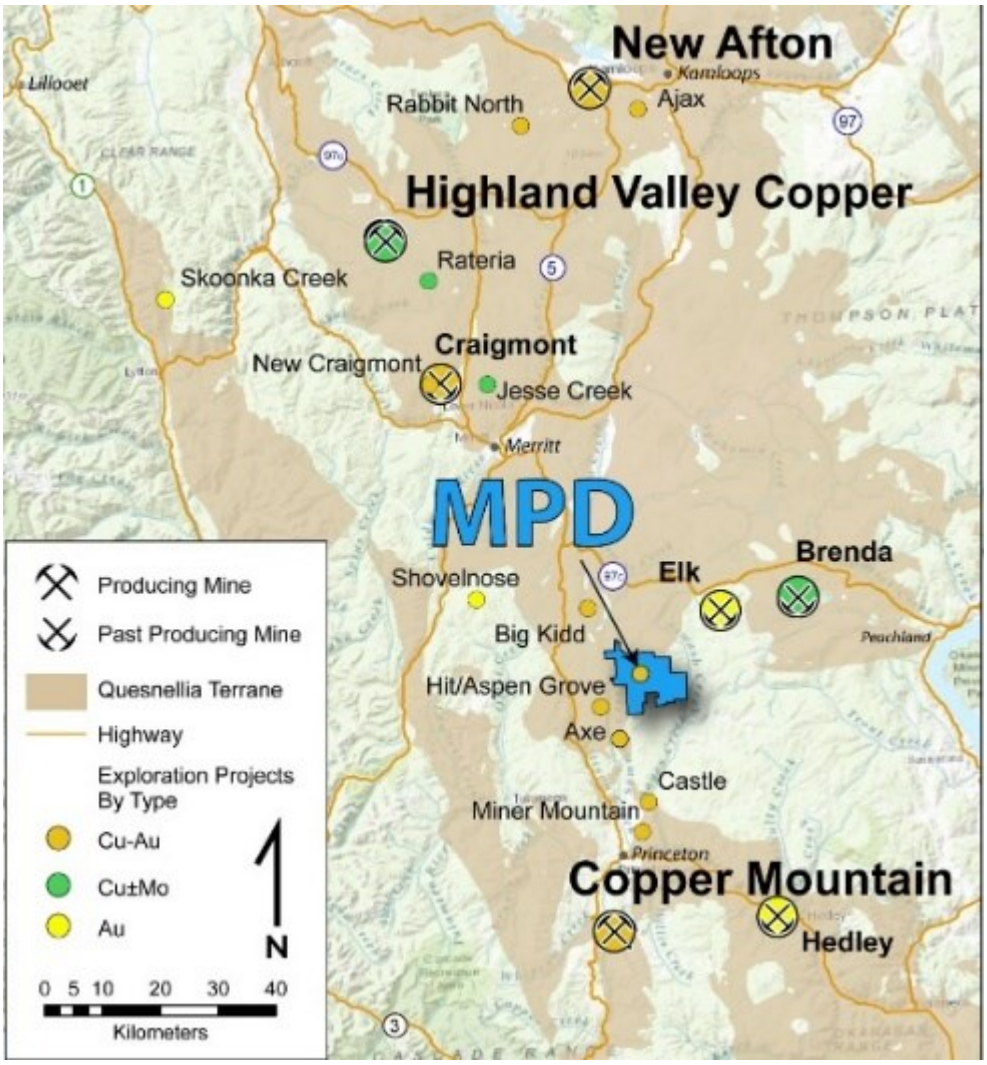

Figure 1

To view an enhanced version of Figure 1, please visit: https://investornews.wpengine.com/wp-content/uploads/2022/11/71402_eb45349eb46d79fe_002full-1.jpg

Kudos to our VP Exploration Jeff Ward and VP Operations Andy Berry who executed the program successfully and safely on a tight budget. We were encouraged to see that all drill holes continued to intersect prospective, sulphide-bearing alteration and decided to extend the program beyond the planned 4,000 metres.

To view a video outlining the features of our MPD Project, click on the following link:

https://www.youtube.com/watch?v=y-PrhWRtTew&feature=youtu.be

The first assay results received in September were nothing short of transformative. Kodiak announced initial results from hole MPD-20-004 which returned a central high-grade interval of **282 metres of 0.70% copper and 0.49 g/t gold (1.16% copper equivalent)**, one of the most impressive copper-gold intercepts from early-stage porphyry drilling in British Columbia. The market response was swift and positive and in October we closed an upsized $12.7 million private placement. As part of this financing, we were able to welcome Teck Resources as a significant shareholder, following their investment of $8 million for a 9.9% shareholding.

Further results included hole MPD-20-005 which -like our fourth hole- returned a high-grade centre, in this case **192 metres of 0.74% copper, 0.48 g/t gold and 2.75 g/t silver (1.21% copper equivalent)**. Importantly, both holes show a broader mineralized envelope of significant size with overall mineralized intercepts of 535 metres for hole four and 515 metres for hole five.

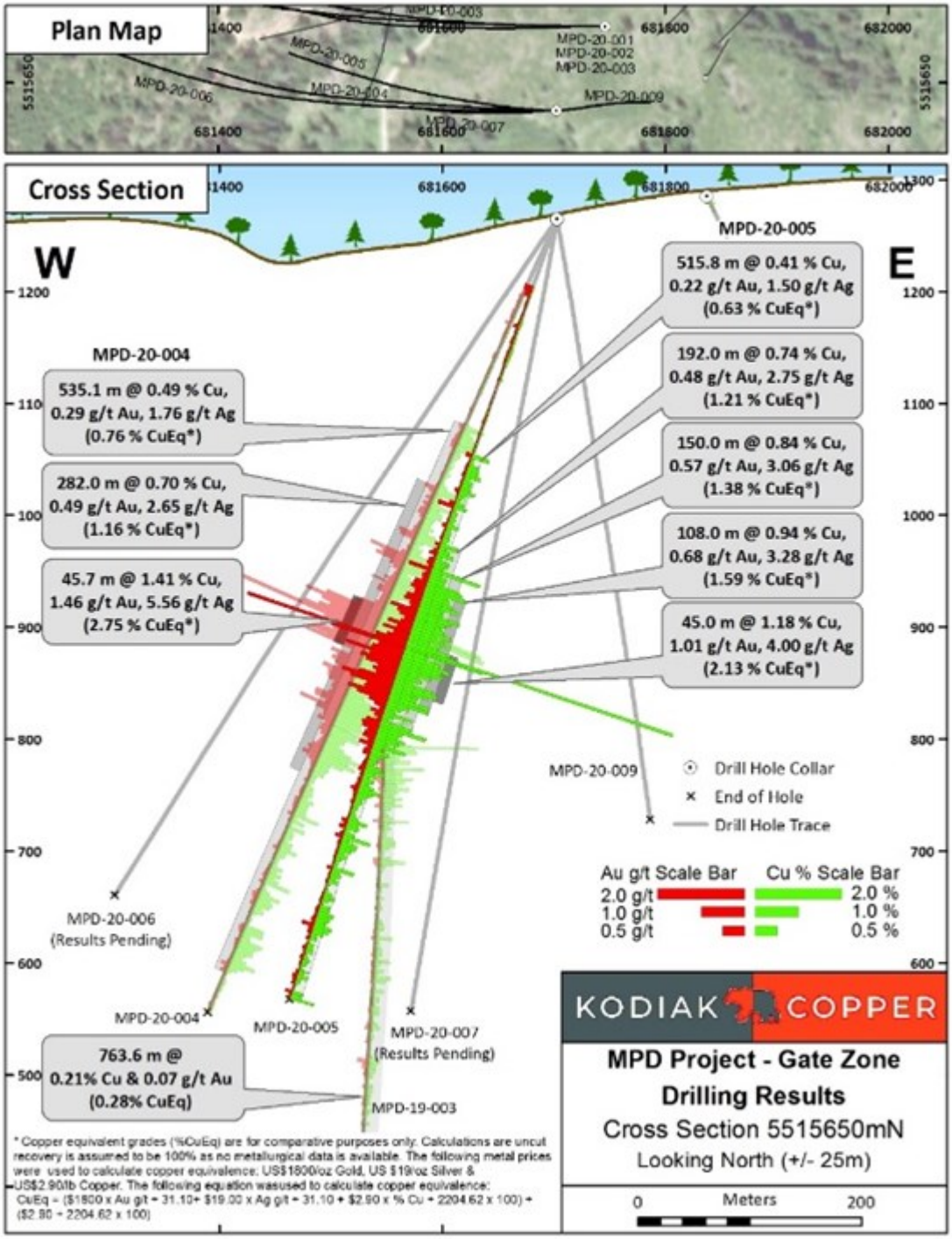

Figure 2

To view an enhanced version of Figure 2, please visit: https://orders.newsfilecorp.com/files/3803/71402_eb45349eb46d79fe_003full.jpg

By the time our drill program wrapped up in December our team

had completed a total of 6,698 metres of drilling in nine holes at the Gate Zone. We expect more assay results in the next few weeks from the remaining five holes of the 2020 program. Exploration by Kodiak and historic work show all the hallmarks of a large, well-developed, multi-centered alkalic porphyry system at MPD, with a footprint of over 10 square kilometres. The newly discovered high-grade zone at Gate is part of a wider, significantly enriched copper-gold envelope which has already been intersected by Kodiak over substantial drill widths and to a depth of over 800 metres.

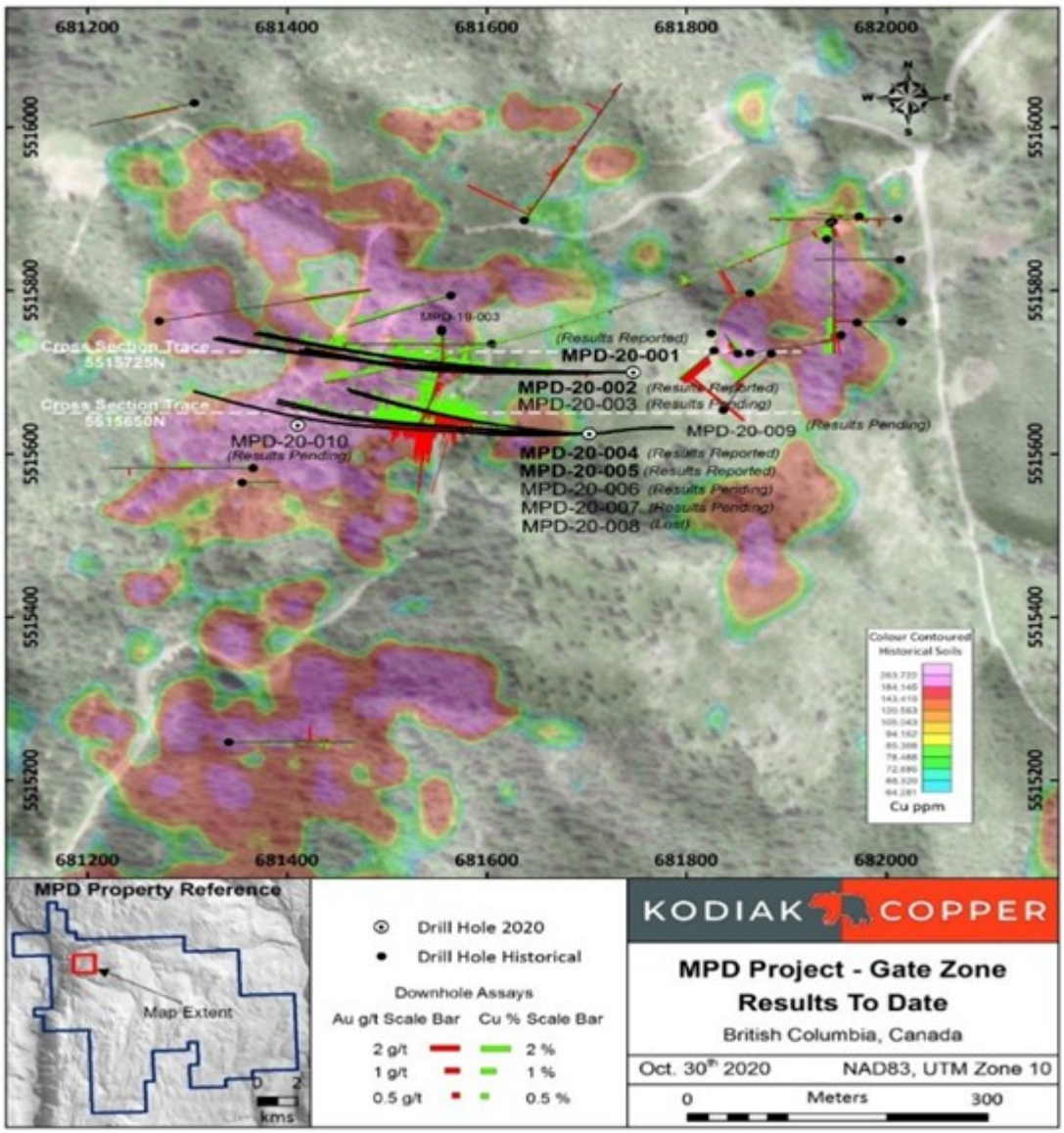

Figure 3

To view an enhanced version of Figure 3, please visit: https://orders.newsfilecorp.com/files/3803/71402_eb45349eb46d79fe_004full.jpg

2021 will be an eventful and news-rich year with a significantly larger exploration program planned at MPD. Kodiak is fully funded for up to 30,000 metres of drilling as well as further geophysical and geochemical surveying, prospecting and geotechnical studies. The drill program will commence early in the year with one drill rig, with plans to add further rigs as work progresses.

To date only 125 metres of the approximately one-kilometre-long copper-in-soil anomaly at the Gate Zone has been drilled, which in turn is part of a larger regional magnetic low with three kilometres of strike length that extends to the Man Zone in the south. 2021 will see systematic step-out drilling along this trend at Gate, aiming to expand both the central high-grade zone and larger copper-gold mineralized envelope. Other high-priority target areas slated for drilling include the Dillard and Dillard East Zones which, like Gate, are characterised by large regional magnetic lows, extensive copper-in-soil anomalies and encouraging historical drilling.

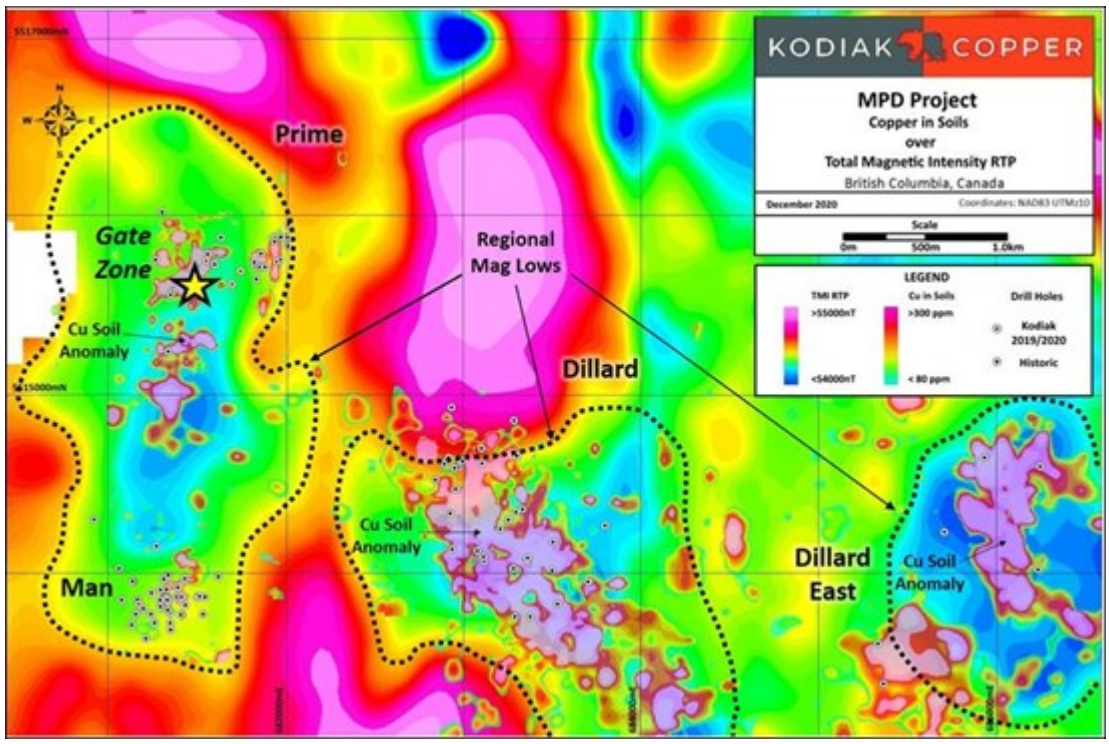

Figure 4

To view an enhanced version of Figure 4, please visit: https://orders.newsfilecorp.com/files/3803/71402_eb45349eb46d79fe_005full.jpg

While the drills were turning at MPD in 2020 we monetized our non-core Trapper project in northern BC and sold it to Brixton Metals. Our Mohave copper porphyry project in Arizona is still a key part of our portfolio and we plan to explore it in 2021. In addition, we always review opportunities to add quality copper porphyry projects in good jurisdictions to our portfolio as we grow Kodiak and create value for our shareholders.

The copper price has rallied from lows of just over US$2 per pound in March 2020 to more than US$3.50 by year end. With strong economic growth from China, massive global infrastructure stimulus packages and mega trends like electrification and green energy, the fundamentals for copper demand have never looked stronger. Paired with supply disruptions, record-low inventory levels and a lack of new mines and development projects, this

creates a perfect scenario for strong copper prices. Analysts are already calling for US$4 copper and beyond. With Kodiak having $14 million in the treasury, a tight share structure with less than 45 million shares outstanding, and the backing from a world-class mining company in Teck Resources, 2021 looks bright indeed. We invite you to join us on the journey ahead.

With the best wishes for a happy and prosperous year 2021!

Sincerely,

Claudia Tornquist, President & CEO

Jeff Ward, P.Geo, Vice President Exploration and a Qualified Person under National Instrument 43-101, has reviewed and approved the technical information contained in this release.

For further information please contact Mr. Knox Henderson, Investor Relations, at 604-551-2360 or khenderson@kodiakcoppercorp.com.

About Kodiak Copper Corp.

Kodiak is focused on its 100% owned copper porphyry projects in Canada and the USA. The Company's most advanced asset is the MPD copper-gold porphyry project in the prolific Quesnel Trough in south-central British Columbia, Canada, where the Company made a discovery of high-grade mineralization within a wide mineralized envelope in 2020. Kodiak also holds the Mohave copper-molybdenum-silver porphyry project in Arizona, USA, near the world-class Bagdad mine. Kodiak's porphyry projects have both been historically drilled and present known mineral discoveries with the potential to hold large-scale deposits.

The Company also holds the advanced-stage Kahuna diamond project in Nunavut, Canada. Kahuna hosts a high-grade, near surface inferred diamond resource and numerous kimberlite pipe targets.

Kodiak's founder and Chairman is Chris Taylor who is well-known for his gold discovery success with Great Bear Resources. Kodiak is also part of Discovery Group led by John Robins, one of the most successful mining entrepreneurs in Canada.

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Management has provided the above summary of risks and assumptions related to forward looking statements in this press release in order to provide readers with a more comprehensive

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