

# **Chris Thompson on Kodiak Copper's high-grade porphyry drill results from its MPD copper-gold project in BC**

Earlier this month, Kodiak Copper Corp. (TSXV: KDK) reported additional high-grade porphyry drill results from its MPD copper-gold project in southern British Columbia.

Results are being released from a nine-hole, 4,000-metre summer drill program, primarily targeting the northern end of the 9,730-hectare (24,000-acre) property in an area called the Gate Zone.

On November 9, Kodiak released the results from drill hole MPD-20-005. It returned a mineralized interval of 515.8 metres of 0.41% copper, 0.22 g/t gold and 1.50 g/t silver from 223.5 metres down hole. This result included a high-grade interval of 45 metres of 1.18% copper, 1.01 g/t gold and 4.00 g/t silver (2.13% copper equivalent).

Claudia Tornquist, President and CEO of Kodiak commented, "This hole expands the central high-grade zone previously announced in hole MPD-20-004. Importantly, we are also starting to see significant size to the larger mineralized envelope, first identified in the near-surface by shallow historic drilling and extended down to a depth of over 800 metres by Kodiak."

The Company also commented that the results were similar to hole MPD-20-004, originally reported in October, which assayed 535.1 metres of 0.49% copper, 0.29 g/t gold and 1.76 g/t silver (0.76% copper equivalent). This result included a high-grade interval of 45.7 metres of 1.41% copper, 1.46 g/t gold and 5.56 g/t silver (2.75% copper equivalent).

The drill results continue to define a mineralized zone and identify an area of higher copper and gold grades. See the figure below for the results and location of holes MPD-20-004 and MPD-20-005.

### **Final Summer Drill Results Pending and Fully Funded Through 2021**

With a current backlog at the assay lab, results are still pending from 4 holes, including MPD-20-006, MPD-20-007 and MPD-20-009, which were drilled into the same Gate Zone. (See the figure below.)

In September, Kodiak completed a C\$12.5 million financing, including a C\$8.0 million strategic investment from Teck Resources (TSX: TECK.B) that now will own a 9.9% interest in the Company.

Proceeds from the financing will be used to fund the Company's exploration programs on both its copper porphyry exploration projects in British Columbia and Arizona into 2021, including 30,000 metres of drilling at the MPD project.

### **MPD Copper-Gold Porphyry Project**

Kodiak's principal project is MPD and it is located near producing mines in the Quesnel Trough in southern British Columbia. The project is accessible year-round with paved highways within a kilometre of the drill targets.

From previous exploration on the MPD project, over 100 historical drill holes defined the potential for a large copper-gold system with multiple centres, across 10 square kilometres of the property. However historical drilling focussed mainly on shallow mineralization, down to about 200 metres and current drilling by Kodiak extends the drilling depth down to 800 metres.

The discovery hole from 2019 (MPD-19-003) underlied a large

copper-in-soil anomaly with over one kilometre of strike at the Gate Zone. With these current drill results, the Company now has mineralized core from the three known copper porphyry zones on the MPD Project but believe they have literally “only scratched the surface” as many of the project’s copper-in-soil anomalies remain untested.

### **Don’t Let the Grade and Depth Get You Down, it is the Size that Matters**

After the recent drill results were released, Kodiak’s stock price corrected downward by almost 60% from its 52-week high.

However, investors need to understand that a porphyry can be a giant of a mineral deposit. Deposit sizes range from 100 million to 5 billion tonnes of ore with grades that are typically in the 0.2% to 1% copper range.

Virtually all significant copper mines in the Quesnel Trough consist of multiple porphyry centres and Kodiak has defined three copper porphyry zones but believe there are more to discover. The upcoming 30,000-metre drill program could go a long way to proving up the project’s potential.

With recent drill result grades of 0.41% and 0.49% copper, the results compare well with the two other large-tonnage producing mines in the Quesnel Trough that **average** less than 0.28% copper:

#### **1. New Gold Inc. (TSX: NGD)**

- New Afton Mine: 10 km west of Kamloops, B.C.
- 47.3 million tonnes at 0.77% copper, 0.66 g/t gold, 1.9 g/t silver (December 31, 2019 reserves)

#### **2. Copper Mountain Mining (TSX: CMMC)**

- Copper Mountain Mine: 190 km south of Kamloops, B.C.
- 412.9 million tonnes at 0.24% copper, 0.11 g/t gold, 0.76 g/t silver (December 31, 2019 reserves)

#### **3. Teck Resources (TSX: TECK.B)**

- Highland Valley Mine: 75 km southwest of Kamloops, B.C.
- 484.0 million tonnes at 0.31% copper (December 31, 2019 reserves)

## **Copper Demand Soon to Outstrip Supply**

Copper's forecasted supply and demand imbalance should work in Kodiak's favour.

After hitting a 4-year low in March and in the midst of a global pandemic, the price of copper rebounded and is up over 50%, flirting near the highs of 2018.

Around the world, political pressure is calling for Green New Deals, whereby clean-generated electricity replaces fossil fuels to reduce pollution and fight climate change.

According market research, an electric vehicle requires 5-10 times more copper than a regular internal combustion engine and green electric energy from solar and wind needs 4-6 times more copper than energy generated from fossil fuels.

In addition, as fossil fuel power is replaced by wind and solar, the electrical infrastructure would need an overhaul, increasing the demand for copper further.

Finally, in various studies, copper exhibits antibacterial, antiviral and anti-fungal properties and, due to the recent pandemic, there could be a shift by manufacturers and governments from stainless steel to copper covered surfaces.

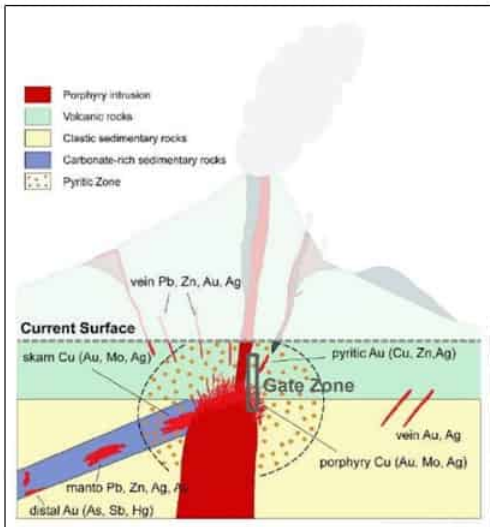
According to S&P Global Market Intelligence, copper demand from power projects, construction and electric vehicles will outstrip supply starting this year. The current forecasted shortfall is 299,000 tonnes of copper this year, rising to 489,000 tonnes in 2024.

Meanwhile, to fill the demand, the pipeline of copper development projects coming into production is low and may

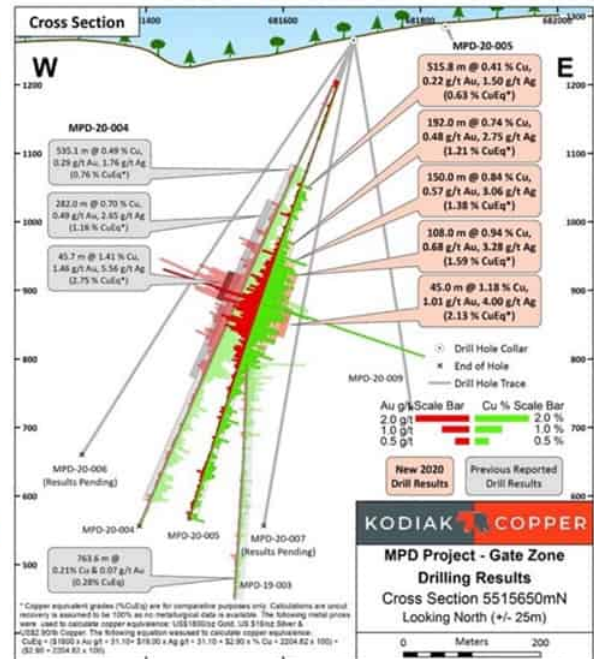
require higher copper prices to fuel more exploration and development interest.

The world is going to need more copper and Kodiak remains well positioned with location, cash, a strategic partner and a solid start with multiple mineralized zones to build upon.

**Example of an Upright and Intact Porphyry System**



**Drill Program at the Gate Zone, Holes 4 & 5 Released, Results Pending from Holes 6, 7 and 9**



Source

# Copper Mountain Mining – Malicious or just Neglectful?

Welcome back to Copper Mountain Mining Corporation (TSX: CUM), where “...misunderstandings and neglect create more confusion in this world than trickery and malice.” (Johann Wolfgang von Goethe, 1774)

“Misunderstandings and neglect” have taken their toll on Copper Mountain. Since first production Copper Mountain has not once hit its guidance, creating ongoing confusion among analysts, mining magazines and financial publications. (See [here](#), [here](#) and [here](#).)

A possibility of “trickery or malice” does arise when we look at how Copper Mountain is responding to serious allegations of non-compliance.

Factual overview: since its prospectus was receipted in 2007, Copper Mountain has said that the Net Smelter Royalties on the Copper Mountain Mine cover “10% of the claims”. That’s the wording it has used over and over again in its core and non-core disclosures. In direct contradiction, Hornby Bay Mineral Exploration Ltd. alleges in its disclosures that it owns NSR’s covering over 22% of the Copper Mountain claims. That doesn’t include the Teck / Cominco NSR’s which would push that 22% ratio upwards, far above what Copper Mountain holds to be the truth.

This is a serious issue with severe consequences. To Hornby Bay, this is the difference between selling the potential royalty stream for one million dollars and selling it for six to ten million dollars, depending on the Copper Mountain mine plan. If HBE is correct, then its shareholders are being intentionally victimized by a much larger, much better funded company. IF HBE is wrong, then it has made unfair allegations damaging to Copper Mountain’s already fragile reputation.

Hornby Bay is not letting this go. It issued a press release on June 9/15 alleging that Copper Mountain’s management team (later identified as Mr. O’Rourke, the CEO) recently met with HBE to discuss HBE’s NSR. The contents of that discussion are confidential, but it’s obvious Copper Mountain knows a problem exists and is trying to quietly deal with it .

Two things stand out, and there are two things to watch for.

First, where are the regulators? Either Copper Mountain or Hornby Bay is perpetuating a deemed "fraud on the market". It is not possible that both of them are right on this material issue. This deserves to be investigated and the guilty party punished, to preserve the integrity of Canada's capital markets. The shareholders of both companies deserve to know the truth.

The second item is the deafening silence from Copper Mountain. I have emailed the CEO, CFO, VP Exploration and the newly appointed head of Investor Relations, politely asking fair questions. I've entered my contact information through Copper Mountain's website. I've left voicemail messages. So far, no response.

Contrast this with Hornby Bay's response. They immediately sent me historic mining maps and the Sept 4/79 original NSR agreement, and then telephoned me to talk me through how the claim numbers in the NSR agreement fit into Copper Mountain's current mining map and possible mine plan. Then I did my own research based on this information. I found no contradictions between what HBE had told me and what was in the documents.

Then I again tried contacted Copper Mountain. You've seen their response, which was no response at all.

What inferences do you draw from Copper Mountain's conduct?

Coming up next is Copper Mountain's shareholder meeting, on June 18, 2015 in Vancouver. Copper Mountain is already in very public conflict with one of its largest shareholders, Montrusco Bolton of Montreal (see Copper Mountain's June 9/15 press release). Montrusco Bolton wants better governance in place, and Copper Mountain is resisting. This conflict could escalate into a very nasty, very public proxy battle at the next shareholder meeting.

The second thing to watch for would be the wording that Copper Mountain will use to describe the NSR's in its upcoming NI

43-101 report. It's a requirement of the National Instrument that Copper Mountain must disclose, "...the terms of any royalties, back-in rights, payments, or other agreements and encumbrances to which the property is subject" (Item 4 in the Form).

The penalties for getting it wrong in a report like this are fairly severe, for the company and the authors personally. Both the securities regulators and the professional geologist associations take this kind of report very seriously.

Will Copper Mountain continue with "10% of the claims" or will they try to water down that wording to appease Hornby Bay?

Expect more confusion in the market as Copper Mountain continues to test von Goethe's theory.

