# KODIAK COPPER CORP.

# Condensed Interim Consolidated Financial Statements

For the nine months ended June 30, 2022 and 2021

(Unaudited - Expressed in Canadian Dollars)

**NOTICE OF NON-REVIEW OF CONDENSED INTERIM FINANCIAL STATEMENTS**

In accordance with National Instrument 51-102 Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of these condensed interim financial statements, they must be accompanied by a notice indicating that these condensed interim financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim financial statements of Kodiak Copper Corp. (the "Company" or "Kodiak") have been prepared by and are the responsibility of the Company's management.

The attached condensed interim financial statements for the nine months ended June 30, 2022 have not been reviewed by the Company's auditors.

## KODIAK COPPER CORP.

Condensed Interim Consolidated Statements of Financial Position
June 30, 2022
(Unaudited-Expressed in Canadian Dollars)

| | | June 30, 2022 | | September 30, 2021 |
|---|---|---|---|---|
| **Assets** | | | | |
| Current Assets: | | | | |
| Cash and cash equivalents (Note 10) | **$** | **13,925,266** | $ | 11,765,345 |
| Amounts receivable (Note 10) | | **151,946** | | 127,441 |
| Advances and deposits (Note 10) | | **125,415** | | 59,210 |
| Marketable securities (Note 5c) | | **151,793** | | 146,171 |
| | | **14,354,420** | | 12,098,167 |
| Non-Current Assets: | | | | |
| Equipment | | **-** | | 450 |
| Reclamation bonds (Note 4) | | **253,281** | | 184,986 |
| Long term deposits (Note 10) | | **59,486** | | 59,486 |
| Exploration and evaluation assets (Note 5) | | **15,942,408** | | 10,046,620 |
| **Total Assets** | **$** | **30,609,595** | $ | 22,389,709 |
| **Liabilities and Shareholders' Equity** | | | | |
| Current Liabilities: | | | | |
| Accounts payable and accrued liabilities (Notes 6,7 & 10) | **$** | **1,345,152** | $ | 1,440,636 |
| Flow through share premium liability (Note 9) | | **1,382,086** | | 1,858,347 |
| | | **2,727,238** | | 3,298,983 |
| Long term loan (Note 11) | | **40,000** | | 40,000 |
| **Total Liabilities** | | **2,767,238** | | 3,338,983 |
| Shareholders' Equity: | | | | |
| Share capital (Note 8) | | **76,183,438** | | 67,296,953 |
| Reserves (Note 8d) | | **8,793,457** | | 7,445,602 |
| Accumulated other comprehensive income (loss) | | **(439,043)** | | (441,824) |
| Deficit | | **(56,695,495)** | | (55,250,005) |
| | | **27,842,357** | | 19,050,726 |
| **Total Liabilities and Shareholders' Equity** | **$** | **30,609,595** | $ | 22,389,709 |

Approved on Behalf of the Board:

"*Steven Krause*"
Steven Krause

*"Chad Ulansky"*
Chad Ulansky

The accompanying notes are an integral part of these consolidated financial statements.

**KODIAK COPPER CORP.**
Condensed Interim Consolidated Statements of Operations and Comprehensive Loss
June 30, 2022
(Unaudited - Expressed in Canadian Dollars)

| | Notes | Three months ended June 30, 2022 | Three months ended June 30, 2021(Restated Note 13) | Nine months ended June 30, 2022 | Nine months ended June 30, 2021(Restated Note 13) |
|---|---|---|---|---|---|
| **Expenses** | | | | | |
| Amortization | | $ - | $ 96 | $ 450 | $ 288 |
| Consulting fees | | 41,704 | 29,940 | 153,668 | 125,406 |
| Insurance | | 11,496 | 10,144 | 34,076 | 29.580 |
| Management fees | 7 | 121,272 | 87,551 | 570,107 | 432,018 |
| Directors Fees | | 26,999 | 22,500 | 80,734 | 30,000 |
| Payroll Costs | | 34,522 | 21,200 | 126,729 | 69,363 |
| Office and administration | | 33,616 | 34,644 | 99,554 | 91,914 |
| Professional fees | | 22,667 | 64,672 | 60,096 | 132,731 |
| Rent | | 28,122 | 29,938 | 84,365 | 60,956 |
| Share-based compensation | 8d | 63,746 | - | 1,538,114 | 1,307,496 |
| Transfer agent and filing | | 20,675 | 35,700 | 69,171 | 134,873 |
| Travel, promotion and shareholder information | | 196,764 | 156,792 | 582,786 | 523,453 |
| Impairment of E&E assets | 5 | 3,838 | 4,201 | 15,086 | 8,719 |
| | | (605,421) | (497,378) | (3,414,936) | (2,946,797) |
| **Other income (expenses)** | | | | | |
| Foreign currency gain (loss) | | 8,153 | (7,952) | 4,882 | (1,975) |
| Interest | | 62,815 | 25,595 | 99,275 | 78,563 |
| Other income | 9 | 1,019,588 | 494,672 | 1,865,289 | 874,150 |
| **Other income (expenses)** | | 1,090,556 | 512,315 | 1,969,446 | 950,738 |
| **Income (Loss) for the period** | | 485,135 | 14,937 | (1,445,490) | (1,996,059) |
| **Other comprehensive income (loss)** | | | | | |
| Foreign currency translation adjustment | | (2,886) | (4,446) | (2,841) | 13,012 |
| Unrealized gain (loss) on marketable securities | 5c | (56,220) | (67,464) | 5,622 | (262,651) |
| **Comprehensive loss for the period** | | $ 426,030 | $ (56,972) | $ (1,442,709) | $ (2,245,697) |
| **Earnings (loss) per share** | | | | | |
| Basic | | $ 0.009 | $ 0.00 | $ (0.028) | $ (0.044) |
| **Weighted average number of shares outstanding** | | 55,612,314 | 46,725,620 | 51,627,213 | 45,287,015 |

The accompanying notes are an integral part of these consolidated financial statements.

**KODIAK COPPER CORP.**

Condensed Interim Consolidated Statements of Changes in Equity
June 30, 2022
(Unaudited - Expressed in Canadian Dollars)

| | Share Capital | | | | | |
|---|---|---|---|---|---|---|
| | **Number of Shares** | **Amount** | **Reserves** | **AOCL** | **Deficit** | **Total** |
| **Balance at September 30, 2020 (Restated - Note 13)** | **39,166,738** | **$ 52,087,591** | **$ 6,764,559** | **$ (123,491)** | **$ (53,440,170)** | **$ 5,288,489** |
| Net loss for the period | | | | | (1,996,059) | (1,996,059) |
| Shares issued in private placement | 1,027,443 | 2,003,514 | - | - | - | 2,003,514 |
| Flow through shares issued in private placement | 3,739,316 | 10,673,965 | - | - | - | 10,673,965 |
| Flow through shares premium | | (3,382,299) | - | - | - | (3,382,299) |
| Share issue costs | - | (18,875) | - | - | - | (18,875) |
| Shares issued for mineral property | 950,000 | 1,577,000 | - | - | - | 1,577,000 |
| Warrants exercised | 2,370,941 | 1,955,576 | - | - | - | 1,955,576 |
| Options exercised | 251,000 | 309,852 | (164,027) | - | - | 145,825 |
| Share-based compensation | - | - | 1,307,496 | - | - | 1,307,496 |
| Fair Value adjustment on marketable securities | - | - | - | (262,650) | - | (262,650) |
| Foreign currency translation adjustment | - | - | - | (13,012) | - | (13,012) |
| **Balance at June 30, 2021 (Restated – Note 13)** | **47,505,438** | **$ 65,206,324** | **$ 7,908,028** | **$ (399,153)** | **$ (56,650,269)** | **$ 16,064,930** |
| | **Number of Shares** | **Amount** | **Reserves** | **AOCL** | **Deficit** | **Total** |
| **Balance at September 30, 2021** | **49,105,088** | **$ 67,296,953** | **$ 7,445,602** | **$ (441,824)** | **$ (55,250,005)** | **$ 19,050,726** |
| Net gain (loss) for the period | - | - | - | - | (1,445,490) | (1,445,490) |
| Flow through shares issued in private placement | 4,635,417 | 9,600,000 | - | - | - | 9,600,000 |
| Flow through shares premium | - | (1,488,019) | - | - | - | (1,488,019) |
| Share issue costs | - | (533,489) | - | - | - | (533,489) |
| Share based compensation | - | - | 1,538,114 | - | - | 1,538,114 |
| Warrants exercised | 1,468,815 | 869,674 | - | - | - | 869,674 |
| Broker warrants exercised | 240,994 | 165,033 | (30,370) | - | - | 134,663 |
| Options exercised | 162,000 | 273,286 | (159,889) | - | - | 113,397 |
| Foreign currency translation adjustment | - | - | - | (2,841) | - | (2,841) |
| Fair value adjustment on marketable securities | - | - | - | 5,622 | - | 5,622 |
| **Balance at June 30, 2022** | **55,612,314** | **$ 76,183,438** | **$ 8,793,457** | **$ (439,043)** | **$ (56,695,495)** | **$ 27,842,357** |

The accompanying notes are an integral part of these consolidated financial statements.

**KODIAK COPPER CORP.**
Condensed Interim Consolidated Statements of Cash Flows
June 30, 2022
(Unaudited - Expressed in Canadian Dollars)

| **Cash provided by / (used in):** | | **Nine Months Ended June 30, 2022** | | Nine Months Ended June 30, 2021(Restated Note 13) |
|---|---|---|---|---|
| **Operating Activities:** | | | | |
| Loss for the period | **$** | **(1,445,490)** | $ | (1,996,059) |
| Items not affecting cash: | | | | |
| Amortization | | **450** | | 288 |
| Other income | | **(1,865,289)** | | (874,150) |
| Share-based compensation | | **1,538,114** | | 1,307,496 |
| Impairment of exploration and evaluation assets | | **15,086** | | 8,719 |
| Net changes in non-cash working capital items: | | | | |
| Amounts receivable | | **(24,505)** | | (1,373) |
| Advances and deposits | | **(66,205)** | | 46,355 |
| Accounts payable and accrued liabilities | | **(415,473)** | | (365,529) |
| | | **(2,263,312)** | | (1,874,253) |
| **Investing Activities:** | | | | |
| Reclamation bonds | | **(68,295)** | | (13,694) |
| Exploration and evaluation assets | | **(5,590,885)** | | (2,926,737) |
| | | **(5,659,180)** | | (2,940,431) |
| **Financing Activities:** | | | | |
| Shares issued for cash, net of share issuance costs | | **8,967,520** | | 12,651,736 |
| Proceeds from marketable securities | | **-** | | 307,632 |
| Warrants exercised | | **1,004,337** | | 1,955,576 |
| Options exercised | | **113,397** | | 145,825 |
| | | **10,085,253** | | 15,060,769 |
| **Effect of exchange rate changes on cash and cash equivalents** | | **(2,841)** | | (13,012) |
| **Change in cash and cash equivalents for the period** | **$** | **2,159,921** | $ | 10,233,073 |
| **Cash and cash equivalents, beginning of the period** | **$** | **11,765,345** | $ | 2,572,178 |
| **Cash and cash equivalents, end of the period** | **$** | **13,925,266** | $ | 12,805,251 |

| | | | | |
|---|---|---|---|---|
| **Supplemental Information:** | | | | |
| **Non-cash investing and financing activities:** | | | | |
| Change in mineral property costs included in accounts payable | **$** | **(319,989)** | $ | (18,936) |

## 1. NATURE OF OPERATIONS AND ABILITY TO CONTINUE AS A GOING CONCERN

The Company was incorporated under the laws of the Province of British Columbia on January 12, 1987. The Company's common shares are trading as a mining issuer on Tier 2 of the TSX Venture Exchange under the trading symbol KDK.

The Company's activities consist of the exploration and development of base and precious metals throughout North America. The head office and principal address of the Company are located at 1020 – 800 West Pender Street, Vancouver, BC V6C 2V6.

As the Company is in the exploration stage, the recoverability of amounts shown for exploration and evaluation assets and the Company's ability to continue as a going concern is dependent upon the discovery of economically recoverable reserves, continuation of the Company's interest in the underlying resource claims, the ability of the Company to obtain necessary financing to complete their development and upon future profitable production or proceeds from the disposition thereof. The amounts shown as exploration and evaluation assets represent net costs to date, less amounts amortized and/or written-off, and do not necessarily represent present or future values.

The Company incurred a net loss of $1,445,490 during the nine months ended June 30, 2022 and, as of that date, the accumulated deficit was $56,695,495. The Company expects to incur future losses in the development of its business. While these condensed interim consolidated financial statements have been prepared with the assumption that the Company will be able to meet its obligations and continue its operations for its next fiscal year, the aforementioned conditions indicate the existence of material uncertainty which may cast significant doubt on the Company's ability to continue as a going concern. Realization values may be substantially different from carrying values as shown and these consolidated financial statements do not give effect to adjustments that would be necessary if the Company were not to continue as a going concern.

The novel coronavirus ("COVID-19") has caused many countries to implement measures to reduce the spread of the virus. The effect and duration of COVID-19 and government responses to it are unknown. Consequently, management anticipates, but cannot predict the effect of unknown adverse changes to its future business plans, financial position, cash flows, and results of operations.

*Statement of Compliance*

These condensed interim consolidated financial statements for the nine months ended June 30, 2022 were prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and Interpretations of the International Financial Reporting Interpretations ("IFRIC") in effect at June 30, 2022. The Company has elected to present the statements of operations and comprehensive loss in a single statement. The condensed interim consolidated financial statements of the Company for the nine months ended June 30, 2022 (including comparatives) have been prepared by management, reviewed by the Audit Committee and approved and authorized for issue by the Board of Directors on August 25, 2022.

## 2. BASIS OF PREPARATION

*Critical judgments in applying accounting policies*

The preparation of these condensed interim consolidated financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the condensed interim consolidated financial statements and reported amounts of expenses during the year. Actual results could differ from these estimates.

(Unaudited - Expressed in Canadian Dollars)

## 2. BASIS OF PREPARATION (continued)

These condensed interim consolidated financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the consolidated financial statements and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Certain comparative figures have been reclassified to conform with the current year presentation.

## 3. SIGNIFICANT ACCOUNTING POLICIES

***New standards, interpretations and amendments adopted by the Company***

The accounting policies applied in the preparation of these condensed interim financial statements are consistent with those applied and disclosed in the Company's audited financial statements for the years ended September 30, 2021 and 2020.

## 4. RECLAMATION BONDS

| | | June 30, 2022 | | September 30, 2021 |
|---|---|---|---|---|
| MPD | $ | 97,500 | $ | 97,500 |
| Mohave | | 115,781 | | 47,486 |
| Kahuna | | 40,000 | | 40,000 |
| | $ | 253,281 | $ | 184,986 |

The MPD portion of the reclamation bonds is a $50,000 security deposit paid to the Ministry of Energy, Mines and Low Carbon Innovation of British Columbia as a part of the permit application. In January of 2021 the security deposit was increased by an additional $47,500.

The Mohave portion of the reclamation bonds is a cost determined to be paid by the Company to the Bureau of Land Management ("BLM") Kingman Field Office in the state of Arizona, USA. This cost determined by the BLM of US$89,850 - $115,781 - 2022, (US$37,270 - $47,486 – 2021) is for the Company to meet its anticipated reclamation requirements. During Q2 the Company placed a new reclamation bond deposit with the Bureau of Land Management for US$52,580, as the Company permitted additional sites. This amount will replace the original bond amount of US$37,270, which will be refunded to the Company. Once the $US$37,270 is refunded, the Company will have a reclamation bond amount of US$52,580 in place with the BLM.

For the Kahuna resource property in the territory of Nunavut a reclamation Letter of Credit is recorded in reclamation bonds. A $40,000 "Letter of Credit" was arranged with BMO on August 29, 2017 and amended on October 4, 2017. This letter is held by the financial institution as security for possible reclamation obligations pursuant to Land Use License KVL315B01, issued by the Kivalliq Inuit Association which authorizes surface exploration activities on Inuit Owned Land parcel CI-15. The Letter of Credit is a certificate which is extended automatically from year to year, and available to the Kivalliq Inuit Association upon written demand.

(Unaudited - Expressed in Canadian Dollars)

## 5. EXPLORATION AND EVALUATION ASSETS

Summary of the mineral projects' costs by project for the nine months ended June 30, 2022:

| | *Notes* | Trapper (BC, Canada) | Kahuna (NU, Canada) | MPD (BC, Canada) | Mohave (AZ, USA) | Total |
|---|---|---|---|---|---|---|
| ***Acquisition costs:*** | | | | | | |
| Beg balance, September 30, 2021 | | $ - | $ - | $ 1,967,720 | $ 214,078 | $ 2,181,798 |
| Additions /(deductions) during the period: | | | | | | |
| Claim fees | | - | - | 4,343 | - | 4,343 |
| **Acquisition costs, June 30, 2022** | | **$ -** | **$ -** | **$ 1,972,063** | **$ 214,078** | **$ 2,186,141** |
| ***Exploration costs:*** | | | | | | |
| Beg balance, September 30, 2021 | | $ - | $ - | $ 7,798,256 | $ 66,566 | $ 7,864,822 |
| Additions /(deductions) during the period: | | | | | | |
| Geological staff & consulting | *7* | - | 5,119 | 1,850,678 | 6,125 | 1,861,922 |
| Drilling & support | | - | - | 2,879,460 | - | 2,879,460 |
| Aircraft charter | | - | 1,467 | - | - | 1,467 |
| Assays | | - | - | 326,346 | - | 326,346 |
| Exploration support | | - | 8,500 | 400,822 | 36,302 | 445,624 |
| Fuel | | - | - | 18,419 | - | 18,419 |
| Travel | | - | - | 368,081 | 2,980 | 371,061 |
| Foreign exchange movements | | - | - | - | 2,232 | 2,232 |
| Impairment of exploration costs | | - | (15,086) | - | - | (15,086) |
| **Exploration costs, June 30, 2022** | | **$ -** | **$ -** | **$ 13,642,062** | **$ 114,205** | **$ 13,756,267** |
| **Balance, June 30, 2022** | | **$ -** | **$ -** | **$ 15,614,125** | **$ 328,283** | **$ 15,942,408** |

(Unaudited - Expressed in Canadian Dollars)

## 5. EXPLORATION AND EVALUATION ASSETS (continued)

Summary of the mineral projects' costs by project for the year ended September 30, 2021:

| | Trapper (BC, Canada) | Kahuna (NU, Canada) | MPD (BC, Canada) | Mohave (AZ, USA) | Total |
|---|---|---|---|---|---|
| ***Acquisition costs:*** | | | | | |
| Balance, September 30, 2020 | $ - | $ - | $ 390,574 | $ 186,700 | $ 577,274 |
| Additions during the year | | | | | |
| Claim fees | - | - | 146 | 27,378 | 27,524 |
| Axe property acquisition (shares) | - | - | 1,577,000 | - | 1,577,000 |
| **Balance, September 30, 2021** | **$ -** | **$ -** | **$ 1,967,720** | **$ 214,078** | **$ 2,181,798** |
| ***Exploration costs:*** | | | | | |
| Balance, September 30, 2020 | $ - | $ - | $ 2,243,182 | $ 60,126 | $ 2,303,308 |
| Additions /(deductions) during the year: | | | | | |
| Geological staff & consulting | 432 | 17,241 | 1,843,161 | 8,922 | 1,869,756 |
| Drilling & support | - | - | 2,612,883 | - | 2,612,883 |
| Assays | - | - | 275,461 | - | 275,461 |
| Exploration support | - | 4,100 | 492,576 | 1,565 | 498,241 |
| Fuel | - | 8,000 | 10,005 | - | 18,005 |
| Travel | - | - | 320,988 | - | 320,988 |
| Foreign exchange movements | - | - | - | (4,047) | (4,047) |
| Impairment of exploration costs | (432) | (29,341) | - | - | (29,773) |
| **Exploration costs, September 30, 2021** | **$ -** | **$ -** | **$ 7,798,256** | **$ 66,566** | **$ 7,864,822** |
| **Balance, September 30, 2021** | **$ -** | **$ -** | **$ 9,765,976** | **$ 280,644** | **$ 10,046,620** |

### a. MPD Property

On November 29, 2018, the Company entered into a purchase agreement to acquire 100% ownership of the Man, Prime and Dillard properties, the "MPD Project" in south-central British Columbia.

The Company paid $100,000 in cash and issued 360,000 shares with a fair value of $162,000. A further $100,000 was paid in March 2019. The property is subject to a 1.25% to 2% net smelter return royalty, which is payable on three mineral claims.

A mineral exploration permit was obtained for the MPD property. In connection with the permit a refundable $50,000 security deposit was posted with the Ministry of Energy, Mines and Low Carbon Innovation of British Columbia. An additional $47,500 was posted in January 2021 (see Note 4).

As part of the MPD permit, the Company agreed to assume the clean up obligation of a previous operator. As a result, the amount of $100,000 has been recorded in Exploration and Evaluation assets, Geological consulting, and the liability is recorded in Accounts Payable and Accrued Liabilities.

On April 19, 2021 the Company announced that it had entered into a purchase agreement to acquire a 100% interest in the Axe Copper-Gold Property from Orogen Royalties ("Orogen"). The property is contiguous with the Company's MPD property.

(Unaudited - Expressed in Canadian Dollars)

**5. EXPLORATION AND EVALUATION ASSETS** (continued)

**a. MPD Property** (continued)

As consideration for the property, the Company will provide the following:

- 950,000 Kodiak shares upon closing of the transaction; (issued – Note 8)
- A 2% net smelter returns royalty on the Axe property of which 0.5% may be purchased by Kodiak for $2,000,000 at any time;
- A cash payment will be made to Orogen in the amount equal to the value of 75,000 Orogen shares up to a maximum of $50,000 upon the completion of 5,000 metres of drilling on the Axe Property;
- A cash payment will be made to Orogen in the amount equal to the value of 200,000 Orogen shares up to a maximum of $150,000 upon the announcement of a measured or indicated mineral resource estimate of at least 500,000,000 tonnes at a grade of at least 0.40% copper equivalent on the Axe property; and
- A cash payment will be made to Orogen in the amount equal to the value of 250,000 Orogen shares up to a maximum of $200,000 upon the completion of a feasibility study on the Axe Property.

Contingent payments related to performance milestones were not included in the purchase price as per the Company's Policy (Note (3p) of the September 30, 2021 year end financial statements).

**b. Mohave Property**

On March 4, 2019, the Company announced that it had entered into a letter of intent to acquire 100% of the Mohave copper-molybdenum-silver porphyry ("Mohave") project in Mohave County, Arizona, USA, from Bluestone Resources Inc. ("Bluestone").

In relation to the acquisition, the Company paid $50,000 in cash and issued 232,558 common shares at a fair value of $100,000 upon closing of the transaction, which occurred on May 22, 2019. The Company has committed to issue 100,000 shares upon the public disclosure of a 43-101 resource of the project, 100,000 shares upon the public disclosure of a preliminary economic analysis for the project, 100,000 shares upon the public disclosure of a pre-feasibility or more advanced study for the project, and a 0.5% NSR royalty on the Mohave claims and on a 2km area of interest around the Mohave claims.

In addition to the above commitments to Bluestone Resources Inc., the Company is committed to pay US$ $1,000,000 to the original optionor of the Mohave property no later than 30 days after the Company announces a production decision or has secured financing to implement such a decision.

In addition to the 0.5% NSR royalty to Bluestone, the Mohave property is subject to a 3.0% NSR royalty to the original optionor of which 1% can be bought back for US $1,500,000.

The measurement of the commitments and NSRs have not been reflected in the asset acquisition transaction and such liabilities will be recognized as the related activities that give rise to the liabilities occur.

The breakdown of the transaction is below:

| **Assets acquired:** | | |
|---|---|---|
| Acquisition costs | $ | 115,158 |
| Exploration and evaluation assets | | 34,842 |
| | $ | 150,000 |

| **Consideration:** | | |
|---|---|---|
| Cash | $ | 50,000 |
| Shares issued and measured at issuance date | | 100,000 |
| | $ | 150,000 |

(Unaudited - Expressed in Canadian Dollars)

## 5. EXPLORATION AND EVALUATION ASSETS (continued)

### c. Trapper Property

By agreement dated November 29, 2010 and amended June 28, 2013 the Company acquired 100% of the Trapper property in northern BC.

During the year ended September 30, 2020, the Company entered into an agreement with Brixton Metals Corporation ("Brixton") to dispose of its 100% interest in the Trapper property for net consideration of $918,119, to be satisfied by an initial payment of $100,000 in cash and 2,324,393 Brixton shares. The shares were recorded at the closing price of $0.365 per share on the date of receipt of the shares (September 8, 2020). During the 2021 fiscal year, the Company released the $30,284 Trapper bond to Brixton. See table below for a summary of the transaction.

| **Trapper Property Sale** | |
|---|---|
| Cash | $ 100,000 |
| Fair value of Brixton shares on Sept 8 | 848,403 |
| Less: reclamation bond | (30,284) |
| Net consideration received | 918,119 |
| Carrying value of Trapper Property | - |
| **Gain on Sale of Trapper Property** | $ 918,119 |

At June 30, 2022, the Company held 1,124,393 Brixton shares and the price was $0.135, resulting in a fair value adjustment on the Brixton marketable securities of $5,622 (2021- ($262,651)) recorded to other comprehensive income (loss).

### d. Kahuna Property

By agreements dated November 4, 2014 and April 30, 2017, the Company acquired a 100% interest in the Kahuna Diamond project located in Nunavut, Canada.

The Kahuna Property is currently subject to two separate 2% gross overriding royalties "GOR" on diamonds, and two separate 2% net smelter return royalties (each, an "NSR" and together, the "NSRs") on all other minerals derived from the Property. Pursuant to the Royalty Agreement, 1% of each GOR may be purchased from either of the parties for $2 million, and 1% of each NSR may be purchased from either of the parties for $2 million.

On December 11, 2015, the Company entered into an agreement with Kel-ex Development ("Kel-ex"), a private company controlled by a former advisor to the Company, whereby Kel-ex will provide equity financing equal to one-third of the Company's diamond processing and other laboratory costs incurred through a laboratory controlled by the former advisor. Kel-ex has continued to maintain its interest as per the agreement.

During the year ended September 30, 2021, the Company has decided to write-down the value of the project to $Nil because the Company has no budgeted or planned exploration and has decided to leave the property on care and maintenance. Any future expenses will be charged to impairment of E&E assets.

The Kahuna property is subject to an Annual Assessment Expenditure Commitment on active claims.

(Unaudited - Expressed in Canadian Dollars)

## 6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable include primarily amounts owing for Company's exploration programs, and general corporate expenditures.

The Company is disputing $287,154 of accounts payable that arose in 2011 and the Company believes these amounts will be settled without payment. This disputed amount is included in the June 30, 2022 and 2021-year end balance.

## 7. RELATED PARTY TRANSACTIONS

The Company's transactions with related parties during the nine months ended June 30, 2022 and 2021 consist of transactions with directors, officers, and shareholders of the Company.

Amounts paid and accrued to key management personnel, officers and companies controlled by directors and officers:

| | | Nine Months ended June 30, 2022 | | Nine Months ended June 30, 2021 |
|---|---|---|---|---|
| Geological fees capitalized to exploration & evaluation (1) | $ | 278,459 | $ | 280,514 |
| Management and directors fees (2) | | 482,279 | | 396,968 |
| Share-based compensation | | 828,634 | | 745,720 |
| Total | $ | 1,589,372 | $ | 1,423,202 |

(1) Geological fees were paid to the Company's VP Exploration and VP Operations.
(2) Management fees includes salaries and compensation to the Company's CEO & President, VP Exploration, VP Operations, VP Corporate Development, Directors and the CFO.

## 8. SHARE CAPITAL

### a. Authorized

Share capital consists of an unlimited number of common shares and preferred shares without par value. The Company has not issued any preferred shares.

### b. Share Issuances

Issued during the nine months ended June 30, 2022

During the nine months ended June 30, 2022 1,709,809 shares were issued for warrants exercised. This resulted in total gross proceeds of $1,004,337. Also during the same period 162,000 shares were issued for options exercised. This resulted in total gross proceeds of $113,397.

On March 31, 2022 the Company announced the closing of a bought deal private placement and a non-brokered private placement for aggregate gross proceeds of $9.6 million. In the bought deal private placement a total of 4,375,000 charity flow-through commons shares were sold at a price of $2.08 per charity flow-through share, for gross proceeds of $9.1million. Kodiak's largest shareholder Teck Resources exercised their right to maintain a 9.9% shareholding and participated with a $2 million investment in the placement.

The Company also completed a non-brokered private placement of flow-through common shares for gross proceeds of $0.5 million. 260,417 flow-through shares were issued at a price of $1.92.

(Unaudited - Expressed in Canadian Dollars)

## 8. SHARE CAPITAL *(continued)*

### b. Share issuances (*continued)*

$1,488,020 of the total proceeds was allocated to flow through premium. In connection with the offering the Company paid the underwriters a cash commission equal to 6% of the gross proceeds of the gross proceeds of the offering, other than in respect of proceeds sold under the presidents list for which the Company paid a 3% cash commission. Total finders fees and other costs related to share issuance totaled $632,481, of which $98,992 was allocated to offset the flow through premium liability.

<u>Issued during the year ended September 30, 2021</u>

On October 7, 2020, the Company closed a non-brokered private placement for gross proceeds of $12,677,479. The Company issued 1,027,443 non flow through shares at a price of $1.95 and 3,739,316 flow through common shares through a charity flow-through arrangement consisting of 2,786,666 at a price of $2.88 per share and 952,650 at a price of $2.78. $3,382,299 of the proceeds was allocated to flow-through premium. In connection with the closing of the private placement the Company paid total finders' fees of $25,744 of which $6,869 was allocated to offset the flow through premium liability. During the year ended September 30, 2020, the Company had received $273,000 in advance of the issuance of shares for the total financing which was recorded in accounts payable and accrued liabilities. This amount was allocated to share capital during the year ended September 30, 2021.

Teck Resources Limited ("Teck"), who participated in the financing, acquired approximately 9.9% of the issued and outstanding common shares of Kodiak on a non-diluted basis. In connection with the placement, Kodiak has agreed to grant Teck an equity participation right to maintain its pro-rata ownership in the Company.

On April 26, 2021, the Company issued 950,000 common shares with a fair value of $1,577,000 in connection with the Axe-Copper-Gold Property (Note 5a).

During the year ended September 30, 2021, 806,000 stock options were exercised for total gross proceeds of $500,575.

During the year ended September 30, 2021, 3,415,591 warrants were exercised for total gross proceeds of $3,108,675. Of the warrants exercised, 59,448 were broker warrants.

### c. Warrants

| | **Number of Warrants** | **Weighted Average Exercise Price** |
|---|---|---|
| Balance as at September 30, 2020 | 5,196,005 | $0.81 |
| Exercised | (3,415,591) | $0.91 |
| Expired | (70,002) | $1.19 |
| Balance as at September 30, 2021 | 1,710,412 | $0.59 |
| Exercised | (1,709,812) | $0.59 |
| Expired | (600) | $0.75 |
| **Balance as at June 30, 2022** | **-** | **$-** |

(Unaudited - Expressed in Canadian Dollars)

## *8.* SHARE CAPITAL *(continued)*

### c. Warrants (*continued)*

As at June 30, 2022, there were no warrants outstanding.

### d. Stock Options

On June 29, 2022, the Company approved, certain amendments to the Option Plan and the amendments to the Option Plan (the Option Plan, as amended, being referred to as the "**Amended Option Plan**") which provides that the Board of Directors of the Company may from time to time, in its discretion, and in accordance with TSX-V requirements, grant to directors, officers, employees and consultants to the Company, non-transferable options to purchase common shares. Included in the Amended Option Plan are provisions that provide that the number of common shares reserved for issuance will not exceed 10% of the then issued and outstanding common shares of the Company. At the discretion of the Board of Directors of the Company, options granted under the Amended Option Plan can have a maximum exercise term of 10 years from the date of grant. Vesting terms are determined at the time of grant by the Board of Directors and unless otherwise stated fully vest when granted.

During the nine months ended June 30, 2022, 1,417,500 options were granted. Resulting in share-based compensation of $1,538,114, which is charged to the income statement and reserves.

During the year ended September 30, 2021, the Company recognized share-based compensation of $1,427,850, which is charged to the income statement and reserves.

The fair value of the options was estimated at the grant date based on the Black-Scholes option pricing model, using the following assumptions:

| | Year Ended September 2021 | Nine Months Ended June 30 2022 |
|---|---|---|
| Expected dividend yield | 0% | 0% |
| Weighted average risk-free interest rate | 0.24%-1.02% | 0.63%-2.80% |
| Weighted average expected life | 1-5 years | 1-5 years |
| Weighted average expected volatility | 123%-165% | 57%-121% |
| Weighted average fair value of options granted | $1.07-$1.36 | $0.31-$1.43 |

(Unaudited - Expressed in Canadian Dollars)

## *8.* SHARE CAPITAL *(continued)*

### d. Stock Options (*continued)*

The following is a summary of the Company's stock option activity:

| | Number of Options | Weighted Average Exercise Price |
|---|---|---|
| Balance as at September 30, 2020 | 2,705,000 | $ 0.60 |
| Granted | 1,079,000 | $ 1.57 |
| Exercised | (806,000) | $ 0.62 |
| Expired | (125,000) | $ 0.65 |
| Balance as at September 30, 2021 | 2,853,000 | $ 0.96 |
| Granted | 1,417,500 | $ 1.36 |
| Exercised | (162,000) | $ 0.70 |
| Cancelled | (129,000) | $ 0.84 |
| Expired | (30,000) | $ 2.28 |
| **Balance as at June 30, 2022** | **3,949,500[1]** | **$ 1.107** |

[1] All outstanding options were exercisable as at June 30, 2022.

As at June 30, 2022, the Company has outstanding stock options as follows:

| Expiry date (mm/dd/yyyy) | Number of Options | Weighted Average Remaining life in years | Weighted Average Exercise Price |
|---|---|---|---|
| 10/07/2022 | 25,000 | 0.27 | $1.20 |
| 01/31/2023 | 356,000 | 0.59 | $1.20 |
| 02/03/2023 | 20,000 | 0.60 | $1.35 |
| 04/21/2023 | 15,000 | 0.81 | $1.73 |
| 03/04/2024 | 280,000 | 1.68 | $0.375 |
| 03/12/2025* | 801,000 | 2.70 | $0.35 |
| 06/14/2025 | 50,000 | 2.96 | $0.43 |
| 01/20/2026 | 935,000 | 3.56 | $1.56 |
| 03/15/2026 | 10,000 | 3.71 | $1.57 |
| 08/03/2026 | 100,000 | 4.10 | $1.41 |
| 10/07/2026 | 50,000 | 4.27 | $1.20 |
| 02/03/2027 | 1,267,500 | 4.60 | $1.35 |
| 04/21/2027 | 40,000 | 4.81 | $1.73 |
| | **3,949,500** | **3.30** | **$1.107** |

* 6,000 March 2025 expiry options were exercised subsequent to quarter end.

### e. Restricted and Deferred Share Units

On June 29, 2022, the Company approved, certain amendments to the restricted share unit ("RSU") & deferred share unit ("DSU") compensation plan (the "RSU & DSU Plan") and the amendments to the RSU & DSU Plan (the RSU & DSU Plan, as amended, being referred to as the "**Amended RSU & DSU Plan**"). RSU's granted under Amended RSU & DSU Plan may be granted to directors, officers, employees, management company employees and consultants or an affiliate of the Company.

The maximum number of Common Shares reserved for issuance to insiders (as a group) at any time under the Amended RSU and DSU Plan, together with any other Common Shares issuable under any security-based compensation arrangements of the Company, may not exceed 10% of the issued and outstanding Common Shares on a non-diluted basis, nor can the number of Common Shares granted within a 12-month period exceed 10%.

There are no RSU's or DSU's outstanding as at June 30, 2022.

(Unaudited - Expressed in Canadian Dollars)

## 9. FLOW THROUGH SHARE PREMIUM LIABILITY

Flow through share premium liabilities include the liability portion of the flow through shares issued. The following is a continuity schedule of the liability portion of the flow through shares issuances.

| | | Issued on March 12, 2020 | Issued on October 08, 2020 | Total |
|---|---|---|---|---|
| **Balance at September 30, 2020** | $ | 237,811 | - | $ 237,811 |
| Liability incurred on flow through shares issued | | - | 3,382,299 | 3,382,299 |
| Flow-through issuance costs (Note 8b) | | - | (6,869) | (6,869) |
| Settlement of flow through share liability on incurring expenditures | | (237,811) | (1,517,083) | (1,754,894) |
| **Balance at September 30, 2021** | $ | - | 1,858,347 | $ 1,858,347 |

| | | Issued on October 08, 2020 | Issued on March 31, 2022 | Total |
|---|---|---|---|---|
| **Balance at September 30, 2021** | $ | 1,858,347 | - | $ 1,858,347 |
| Liability incurred on flow through shares issued | | - | 1,488,020 | 1,488,020 |
| Flow-through issuance costs (Note 8b) | | - | (98,992) | (98,992) |
| Settlement of flow through share liability on incurring expenditures | | (1,858,347) | (6,942) | (1,865,289) |
| **Balance at June 30, 2022** | $ | - | 1,382,086 | $ 1,382,086 |

As at June 30, 2022, the Company has fulfilled 100% of its commitment to incur expenditures in relation to the flow through share financing from March and October, 2020.

In relation to the flow through share financings from October 2020 and March, 2022 a net flow through premium liability of $1,865,289 was reversed during the nine month period (2021 - $874,150).

## 10. FINANCIAL INSTRUMENTS

The Company's financial instruments consist of cash and cash equivalents, amounts receivables, advances and deposits, marketable securities, accounts payable and accrued liabilities and CEBA loan. The fair values of these financial instruments approximate their carrying values, other than cash and marketable securities which is carried at fair value.

Marketable securities are a Level 1 financial instrument.

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following summarizes fair value hierarchy under which the Company's financial instruments are valued:

**10. FINANCIAL INSTRUMENTS** (continued)

- Level 1 – fair values based on unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – fair values based on inputs that are observable for the asset or liability, either directly or indirectly; and
- Level 3 – fair values based on inputs for the asset or liability that are not based on observable market data.

The Company examines the various financial instrument risks to which it is exposed and assesses any impact and likelihood of those risks. The Company's risk exposures and their corresponding impact on the Company's consolidated financial instruments are summarized below.

**Liquidity risk** is the risk that the Company cannot meet a demand for cash or fund its obligations as they come due. As at June 30, 2022, the Company had a cash and cash equivalents balance of $13,925,266 (September 30, 2021 - $11,765,345), a marketable securities balance of $151,793 (September 30, 2021 - $146,171) to settle current liabilities of $2,727,238 that are due within one year (September 30, 2021 - $3,298,983).

The Company intends to finance future requirements from its existing cash reserves together with share issuances, the exercise of options and/or warrants, debt or other sources. There can be no certainty of the Company's ability to raise additional financing through these means.

**Credit risk** is the risk that the counterparty to a financial instrument will fail to meet their payment obligations, thus this risk is primarily attributable to cash and cash equivalents. The Company maintains its cash and cash equivalents with high-credit quality financial institutions, thus limiting its credit risk. As at June 30, 2022, the Company had a receivable balance of $151,946 (September 30, 2021 - $127,441), which primarily relates to GST receivable from the Federal Government of Canada. There was $125,415 in Advances and Deposits as at June 30, 2022 (September 30, 2021 - $59,210) which is made up predominately of prepayments to vendors. There was $59,486 in Long term deposits at June 30, 2022 (September 30, 2021 - $59,486) which is made up of long term deposits to vendors for rent, vehicles, drilling contractor.

**Interest rate risk** is the risk that the fair values or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. As at June 30, 2022, the Company does not have any interest-bearing loans or liabilities outstanding, apart from the CEBA loan, see Note 11. All receivable and payable balances are current and as such, are not subject to interest, so its exposure to interest rate risk is insignificant.

**Currency risk** relates to the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in foreign currency. As at June 30, 2022, the Company did not have any material monetary assets or liabilities denominated in a foreign currency and consequently is not exposed to significant foreign currency risk.

**Market risk** is the risk that changes in market prices, such as foreign exchange rates, interest rates, and commodity and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return. Investments in equity instruments which are classified as fair value through other comprehensive income (loss) and are measured at fair value, are listed on public stock exchanges, including TSX-V and OTC-QB. The Company is exposed to market price risk on its marketable securities. The Company's marketable securities consist of one listed entity called Brixton Metals Corporation. A 10% change in quoted market price for Brixton Metals Corporation at June 30, 2022 would result in a change to other comprehensive income (loss) and fair value of marketable securities of $15,179.

(Unaudited - Expressed in Canadian Dollars)

## 11. CAPITAL DISCLOSURES

The Company's objective, when managing capital, is to ensure sufficient resources are available to meet day to day operating and exploration requirements and to safeguard its ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders.

In May of 2020, the Company received the $40,000 interest free Canada Emergency Business Account (CEBA) loan. The program is operated by the Government of Canada. If the loan balance is paid on or before December 31, 2022, there will be loan forgiveness of 25% or $10,000.

The Company is not subject to externally imposed capital requirements. There were no changes in the Company's approach to capital management during the period. In the management of capital, the Company includes the components of shareholders' equity, as well as cash and cash equivalents.

## 12. SEGMENTED INFORMATION

Operating segments are defined as components of an enterprise about which separate financial information is available that is evaluated regularly by the chief operating decision maker, or decision-making group, in deciding how to allocate resources and in assessing performance. All of the Company's operations are within the mineral exploration sector in Canada and the USA (Note 5). No material assets and revenue exist in the USA for separate presentation, other than what is included in Note 5.

## 13. RESTATEMENT

The Company has restated the comparative financial information on the statements of financial position as at September 30, 2020 and October 1, 2019 and the comparative financial information on the statements of loss and comprehensive loss, cash flows and changes in shareholders' equity for the year ended September 30, 2020. The restatement is a result of the Company erroneously recording a deferred tax liability and deferred tax expense in relation to proceeds received from issuance of flow-through shares in prior years.

*Effects on Statements of Financial Position*

| | As at September 30, 2020 | | | As at October 1, 2019 | | |
|---|---|---|---|---|---|---|
| | **Previously stated** | **Adjustments** | **As Restated** | **Previously stated** | **Adjustments** | **As restated** |
| **Total Assets** | **$6,676,201** | **-** | **$6,676,201** | **$11,695,227** | | **$11,695,227** |
| Deferred tax liability | $1,214,040 | ($1,214,040) | - | $567,470 | ($567,470) | - |
| **Total liabilities** | **$2,601,752** | **($1,214,040)** | **$1,387,712** | **$1,255,013** | **($567,470)** | **$687,543** |
| **Shareholders' equity:** | | | | | | |
| Deficit | ($54,654,210) | $1,214,040 | ($53,440,170) | ($44,030,655) | $567,470 | ($43,463,185) |
| **Total shareholders' equity (deficit)** | **$4,074,449** | **$1,214,040** | **$5,288,489** | **$10,440,214** | **$567,470** | **$11,007,684** |

(Unaudited - Expressed in Canadian Dollars)

**13. RESTATEMENT** (continued)

*Effects on Statements of Loss and Comprehensive Loss*

| | For the year ended September 30, 2020 | | |
|---|---|---|---|
| | **Previously stated** | **Adjustments** | **As restated** |
| **Loss before income taxes** | **($9,976,985)** | **-** | **($9,976,985)** |
| **Deferred income tax** | ($646,570) | $646,570 | - |
| Loss for the year | **($10,623,555)** | **$646,570** | **($9,976,985)** |
| **Weighted number of shares outstanding** | 33,817,723 | - | 33,817,723 |
| Basic and diluted loss per share | ($0.31) | - | ($0.30) |

*Effects on Statements of Cash Flows*

| | For the year ended September 30, 2020 | | |
|---|---|---|---|
| | **Previously stated** | **Adjustments** | **As restated** |
| **Operating activities:** | | | |
| Loss for the year | ($10,623,555) | $646,570 | ($9,976,985) |
| **Total operating activities** | **($1,370,328)** | **-** | **($1,370,328)** |
| **Total investing activities** | **($1,765,103)** | **-** | **($1,765,103)** |
| **Total financing activities** | **$4,875,747** | **-** | **$4,875,747** |