

KODIAK COPPER CORP.

Condensed Interim Consolidated Financial Statements

For the three months ended December 31, 2022 and 2021.

(Unaudited - Prepared by Management - 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 three months ended December 31, 2022 have not been reviewed by the Company’s auditors.

KODIAK COPPER CORP.

Condensed Interim Consolidated Statements of Financial Position

December 31, 2022

(Unaudited-Prepared by Management-Expressed in Canadian Dollars)

	December 31, 2022	September 30, 2022
Assets		
Current Assets:		
Cash and cash equivalents	\$ 6,954,423	\$ 10,365,353
Amounts receivable	95,694	152,763
Advances and deposits	171,351	151,509
Marketable securities (Note 11)	187,318	219,258
	7,408,786	10,888,883
Non-Current Assets:		
Reclamation bonds (Note 4)	411,693	260,657
Long term deposits	59,486	59,486
Exploration and evaluation assets (Note 5)	21,529,050	19,451,853
Total Assets	\$ 29,409,015	\$ 30,660,879
Liabilities and Shareholders' Equity		
Current Liabilities:		
Accounts payable and accrued liabilities (Note 6)	\$ 713,282	\$ 1,643,481
Flow through share premium liability (Note 9)	591,090	898,617
	1,304,372	2,542,098
Long term loan (Note 12)	40,000	40,000
Deferred tax liability	44,000	44,000
Total Liabilities	1,388,372	2,626,098
Shareholders' Equity:		
Share capital (Note 8)	76,330,527	76,330,527
Reserves (Note 8)	8,810,946	8,810,946
Accumulated other comprehensive income (loss)	(297,413)	(382,615)
Deficit	(56,823,417)	(56,724,077)
	28,020,643	28,034,781
Total Liabilities and Shareholders' Equity	\$ 29,409,015	\$ 30,660,879

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

December 31, 2022

(Unaudited-Prepared by Management-Expressed in Canadian Dollars)

	Three months ended December 31,	
	2022	2021
Expenses		
Amortization	\$ -	\$ 450
Consulting fees	20,630	47,693
Insurance	11,587	11,084
Management fees and wages (Note 7)	137,385	109,367
Directors fees (Note 7)	27,000	26,735
Payroll costs	27,428	15,364
Office and administration	39,713	47,886
Professional fees	15,614	12,997
Rent	28,122	28,122
Share-based compensation (Note 7 and 8(d))	-	58,385
Transfer agent and filing	300	3,376
Travel, promotion and investor relations	158,557	187,583
Impairment of exploration and evaluation assets (Note 5)	9,791	8,835
Loss before other expense	(476,127)	(557,877)
Other income		
Foreign currency gain (loss)	(4,186)	(104)
Interest	73,446	18,922
Other income (Note 9)	307,527	590,366
Other income	376,787	609,184
Income (loss) for the period	(99,340)	51,307
Other comprehensive loss		
Foreign currency translation adjustment	1,782	59
Unrealized gain on marketable securities (Note 11)	83,420	73,086
Comprehensive loss for the period	\$ (14,139)	\$ 124,452
Loss per share - basic and diluted	\$ 0.002	\$ (0.001)
Weighted average number of shares outstanding	55,618,314	49,254,805

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

KODIAK COPPER CORP.

Condensed Interim Consolidated Statements of Changes in Equity

December 31, 2022

(Unaudited-Prepared by Management-Expressed in Canadian Dollars)

	Notes	Share Capital		Reserves	AOCL	Deficit	Total
		Number of Shares	Amount				
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		-	-	-	-	51,307	51,307
Share based compensation		-	-	58,384	-	-	58,384
Warrants exercised		309,133	231,849	-	-	-	231,849
Broker warrants exercised		10,573	9,759	(1,830)	-	-	7,929
Options exercised		18,000	30,366	(17,765)	-	-	12,601
Foreign currency translation adjustment		-	-	-	59	-	59
Fair value adjustment on marketable securities		-	-	-	73,086	-	73,086
Balance at December 31, 2021		49,442,794	\$ 67,568,927	\$ 7,484,391	\$ (368,679)	\$ (55,198,698)	\$ 19,485,941
Balance at September 30, 2022		55,618,314	\$ 76,330,527	\$ 8,810,946	\$ (382,615)	\$ (56,724,077)	\$ 28,034,781
Net gain (loss) for the period		-	-	-	-	(99,340)	(99,340)
Foreign currency translation adjustment		-	-	-	1,782	-	1,782
Fair value adjustment on marketable securities		-	-	-	83,420	-	83,420
Balance at December 31, 2022		55,618,314	\$ 76,330,527	\$ 8,810,946	\$ (297,413)	\$ (56,823,417)	\$ 28,020,643

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

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Condensed Interim Consolidated Statements of Cash Flows

December 31, 2022

(Unaudited-Prepared by Management-Expressed in Canadian Dollars)

Cash provided by / (used in):	<i>Notes</i>	Three Months Ended December 31, 2022	Three Months Ended December 31, 2021
Operating Activities:			
Gain (loss) for the period	\$	(99,340)	\$ 51,307
Items not affecting cash:			
Amortization		-	450
Other income		(307,527)	(590,366)
Share-based compensation		-	58,385
Impairment of exploration and evaluation assets		9,791	8,835
Net changes in non-cash working capital items:			
Amounts receivable		57,069	31,472
Advances and deposits		(19,842)	(37,061)
Accounts payable and accrued liabilities		1,513	(310,699)
		(358,336)	(787,677)
Investing Activities:			
Reclamation bonds		(151,036)	235
Exploration and evaluation assets		(3,018,700)	(2,389,671)
		(3,169,736)	(2,389,436)
Financing Activities:			
Warrants exercised		-	239,778
Options exercised		-	12,600
Proceeds from sale of marketable securities		115,360	-
		115,360	252,378
Effect of exchange rate changes on cash and cash equivalents		1,782	59
Change in cash and cash equivalents for the period	\$	(3,410,930)	\$ (2,924,676)
Cash and cash equivalents, beginning of the period	\$	10,365,353	\$ 11,765,345
Cash and cash equivalents, end of the period	\$	6,954,423	\$ 8,840,669
Supplemental Information:			
Non-cash investing and financing activities:			
Fair value transfer of options and warrants exercised	\$	-	\$ 19,595
Change in mineral property costs included in accounts payable	\$	(931,712)	\$ (542,016)

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Notes to the Condensed Interim Consolidated Financial Statements

December 31, 2022

(Unaudited-Prepared by Management-Expressed in Canadian Dollars)

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

Kodiak Copper Corp. (“Kodiak” or 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 loss of \$99,340 during the three months ended December 31, 2022 and, as of that date, the accumulated deficit was \$56,823,417. 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.

Statement of Compliance

These condensed interim consolidated financial statements for the three months ended December 31, 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 December 31, 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 three months ended December 31, 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 February 22, 2023.

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Notes to the Condensed Interim Consolidated Financial Statements

December 31, 2022

(Unaudited-Prepared by Management-Expressed in Canadian Dollars)

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.

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.

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, 2022 and 2021.

4. RECLAMATION BONDS

	December 31, 2022	September 30, 2022
MPD	\$ 250,000	\$ 97,500
Mohave	121,693	123,157
Kahuna	40,000	40,000
	\$ 411,693	\$ 260,657

The MPD portion of the reclamation bonds is a \$250,000 security deposit paid to the Ministry of Energy, Mines and Low Carbon Innovation of British Columbia as a part of the permit application. During the quarter the bond was increased from \$97,500 to \$250,000.

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 \$121,693 (US\$89,850), (2021 - \$47,251 (US \$37,270)) is for the Company to meet its anticipated reclamation requirements. During the year ended September 30, 2022, the Company placed a new reclamation bond deposit with the Bureau of Land Management for \$71,214 (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 \$50,479 (US \$37,270) is refunded, the Company will have a reclamation bond amount of \$71,214 (US \$52,580) in place with the BLM. The US \$37,270 was refunded to the Company subsequent to quarter end.

The reclamation Letter of Credit relates to the Kahuna resource property, in the territory of Nunavut, and 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 and 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.

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5. EXPLORATION AND EVALUATION ASSETS

Summary of the mineral projects' costs by project for the three months ended December 31, 2022:

	Notes	Kahuna (NU, Canada)	MPD (BC, Canada)	Mohave (AZ, USA)	Total
<u>Acquisition costs:</u>					
Beg balance, September 30, 2022		\$ -	\$ 1,972,063	\$ 241,052	\$ 2,213,115
Additions /(deductions) during the period:					
Claim fees		-	-	-	-
Impairment of acquisition costs		-	-	-	-
Acquisition costs, December 31, 2022		\$ -	\$ 1,972,063	\$ 241,052	\$ 2,213,115
<u>Exploration costs:</u>					
Beg balance, September 30, 2022		\$ -	\$ 17,087,272	\$ 151,466	\$ 17,238,738
Additions /(deductions) during the period:					
Geological staff & consulting	7	7,691	746,169	970	754,830
Drilling & support		-	781,877	-	781,877
Assays		-	223,221	-	223,221
Exploration support		2,100	148,388	713	151,201
Fuel		-	14,149	-	14,149
Travel		-	164,597	-	164,597
Foreign exchange movements		-	-	(2,887)	(2,887)
Impairment of exploration costs		(9,791)	-	-	(9,791)
Exploration costs, December 31, 2022		\$ -	\$ 19,165,673	\$ 150,262	\$ 19,315,935
Balance, December 31, 2022		\$ -	\$ 21,137,736	\$ 391,314	\$ 21,529,050

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Notes to the Condensed Interim Consolidated Financial Statements

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(Unaudited-Prepared by Management-Expressed in Canadian Dollars)

5. EXPLORATION AND EVALUATION ASSETS (continued)

Summary of the mineral projects' costs by project for the year ended September 30, 2022:

	Notes	Trapper (BC, Canada)	Kahuna (NU, Canada)	MPD (BC, Canada)	Mohave (AZ, USA)	Total
<u>Acquisition costs:</u>						
Beg balance, September 30, 2021	\$	-	\$ -	\$ 1,967,720	\$ 214,078	\$ 2,181,798
Additions /(deductions) during the period:						
Claim fees		-	-	4,343	26,974	31,317
Acquisition costs, September 30, 2022	\$	-	\$ -	\$ 1,972,063	\$ 241,052	\$ 2,213,115
<u>Exploration costs:</u>						
Beg balance, September 30, 2021	\$	-	\$ -	\$ 7,798,256	\$ 66,566	\$ 7,864,822
Additions /(deductions) during the period:						
Geological staff & consulting	7	-	7,884	2,752,283	28,465	2,788,632
Drilling & support		-	-	4,726,684	-	4,726,684
Aircraft charter		-	1,467	-	-	1,467
Assays		-	-	453,525	-	453,525
Exploration support		-	11,200	675,111	36,571	722,822
Fuel		-	-	30,055	-	30,055
Travel		-	-	651,358	3,002	654,360
Foreign exchange movements		-	-	-	16,862	16,862
Impairment of exploration costs		-	(20,551)	-	-	(20,551)
Exploration costs, September 30, 2022	\$	-	\$ -	\$ 17,087,272	\$ 151,466	\$ 17,238,738
Balance, September 30, 2022	\$	-	\$ -	\$ 19,059,335	\$ 392,518	\$ 19,451,853

a. Man, Prime and Dillard Property (MPD)

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 ("BC").

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.

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

- 950,000 Kodiak shares upon closing of the transaction; (issued – Note 8b)
- 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.

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Notes to the Condensed Interim Consolidated Financial Statements

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(Unaudited-Prepared by Management-Expressed in Canadian Dollars)

5. EXPLORATION AND EVALUATION ASSETS (continued)

Contingent payments related to performance milestones were not included in the purchase price as per the Company's Policy (Note 3p) in the year ended September 30, 2022 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") option agreement 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 3.5% NSR royalty to the original optionor of which 1% can be bought back for US \$1,000,000.

c. 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.

For the years presented the Company has no budgeted or planned exploration and has decided to leave the property on care and maintenance until the claims lapse.

The Kahuna property is subject to an Annual Assessment Expenditure Commitment on active claims with anniversary dates in 2023.

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Notes to the Condensed Interim Consolidated Financial Statements

December 31, 2022

(Unaudited-Prepared by Management-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 \$286,497 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 2023 Q1 and 2022 year end balance.

7. RELATED PARTY TRANSACTIONS

The Company's transactions with related parties during the three months ended December 31, 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:

	Three Months ended December 31, 2022		Three Months ended December 31, 2021	
Geological fees capitalized to exploration & evaluation ⁽¹⁾	\$	104,675	\$	93,660
Management and directors fees ⁽²⁾		112,825		118,077
Total	\$	217,500	\$	211,737

(1) Geological fees were paid to the Company's VP Exploration, and the VP Operations.

(2) Management fees includes salaries and compensation to the Company's Chairman, CEO & President, VP Exploration, VP Operations, and the CFO.

As at December 31, 2022, \$Nil was due to related parties. At December 31, 2021 \$Nil was due to related parties.

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.

As at December 31, 2022 the Company had 55,618,314 (September 30, 2022 – 55,618,314) common shares issued and outstanding.

b. Share Issuances

Issued during the three months ended December 31, 2022

There were no share issuances during the quarter ended December 31, 2022

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Notes to the Condensed Interim Consolidated Financial Statements

December 31, 2022

(Unaudited-Prepared by Management-Expressed in Canadian Dollars)

8. SHARE CAPITAL (continued)

Issued during the year ended September 30, 2022

During the year ended September 30, 2022, 1,709,809 shares were issued for warrants exercised. This resulted in total gross proceeds of \$1,004,337.

During the year ended September 30, 2022, 168,000 shares were issued for options exercised. This resulted in total gross proceeds of \$115,497.

On March 31, 2022, the Company closed a bought deal private placement and a non-brokered private placement for gross proceeds of \$9,600,000 consisting of 4,375,000 charity flow-through common shares at a price of \$2.08 per charity flow-through common share and 260,417 flow through common shares at a price of \$1.92.

A total of \$1,488,020 was allocated to flow through premium. In connection with the offering, the Company incurred a total of \$632,777 in share issuance costs of which \$98,992 was allocated to offset the flow through premium liability.

Kodiak's largest shareholder Teck Resources exercised their right to maintain a 9.9% shareholding and participated with a \$2,000,000 investment in the placement.

c. Warrants

	Number of Warrants	Weighted Average Exercise Price
Balance as at September 30, 2021	1,710,412	\$0.59
Exercised	(1,709,809)	\$0.59
Expired	(603)	\$0.75
Balance as at September 30, 2022 and December 31, 2022	-	\$-

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 and have exercise prices no less than the discounted market price as permitted by the TSX-Venture exchange. Vesting terms are determined at the time of grant by the Board of Directors and unless otherwise stated fully vest when granted.

There were no options granted or exercised during the three months ended December 31, 2022. The Company recognized share-based compensation of \$Nil (2021- \$58,835).

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8. SHARE CAPITAL (continued)

During the year ended September 30, 2022, the Company recognized share-based compensation of \$1,556,889 (2021 - \$1,427,850).

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 30 2022
Expected dividend yield	0%
Weighted average risk-free interest rate	0.63%-3.37%
Weighted average expected life	1-5 years
Weighted average expected volatility	57%-121%
Share price	\$0.91-\$1.73
Weighted average fair value of options granted	\$0.31-\$1.43

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

	Number of Options	Weighted Average Exercise Price
Balance as at September 30, 2021	2,853,000	\$ 0.96
Granted	1,442,500	\$ 1.35
Exercised	(168,000)	\$ 0.69
Cancelled	(179,000)	\$ 1.00
Expired	(30,000)	\$ 2.28
Balance as at September 30, 2022	3,918,500	\$ 1.10
Cancelled	(9,500)	\$ 1.44
Expired	(25,000)	\$ 1.20
Balance as at December 31, 2022	3,884,000¹	\$ 1.10

¹ All outstanding options were exercisable as at December 31, 2022.

As at December 31, 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
01/31/2023*	356,000	0.08	\$1.20
02/03/2023*	20,000	0.09	\$1.35
04/21/2023	15,000	0.30	\$1.73
03/04/2024	280,000	1.18	\$0.375
03/12/2025	795,000	2.20	\$0.35
06/14/2025	50,000	2.45	\$0.43
01/20/2026	891,000	3.06	\$1.56
08/03/2026	100,000	3.59	\$1.41
10/07/2026	50,000	3.77	\$1.20
02/03/2027	1,262,000	4.10	\$1.35
04/21/2027	40,000	4.31	\$1.73
09/01/2027	25,000	4.67	\$0.91
	3,884,000	2.83	\$1.10

* Subsequent to quarter end, these options expired unexercised.

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Notes to the Condensed Interim Consolidated Financial Statements

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8. SHARE CAPITAL (continued)

e. Restricted and Deferred Share Units

On April 21, 2021, the Board approved the adoption of a restricted share unit ("RSU") and deferred share unit ("DSU") compensation plan (the "RSU & DSU Plan"). On June 29, 2022, the Company amended certain terms of the plan. RSU's granted under RSU & DSU Plan may be granted to directors, officers, employees, management company employees and consultants or an affiliate of the Company. Subject to adjustment, the maximum number of Common shares that may be reserved for issuance under the RSU & DSU Plan as at December 31, 2022, is 2,290,768 Common Shares.

There are no RSU's or DSU's outstanding as at December 31, 2022 (2021 – Nil)

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 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)	(490,411)	(2,348,758)
Balance at September 30, 2022	\$ -	898,617	\$ 898,617

	Issued on March 31, 2022	Total
Balance at September 30, 2022	\$ 898,617	\$ 898,617
Settlement of flow through share liability on incurring expenditures	(307,527)	(307,527)
Balance at December 31, 2022	\$ 591,090	\$ 591,090

As at December 31, 2022, the Company has fulfilled 100% of its commitment to incur expenditures in relation to the flow through share financing from October, 2020.

In relation to the flow through share financing from March 2022 a net flow through premium liability of \$307,527 was reversed during the quarter ended December 31, 2022 (2021 - \$590,366).

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 is a Level 1 financial instrument.

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Notes to the Condensed Interim Consolidated Financial Statements

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10. FINANCIAL INSTRUMENTS (continued)

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:

- 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 December 31, 2022, the Company had cash and cash equivalents balance of \$6,954,423 (September 30, 2022 - \$10,365,353), marketable securities balance of \$187,318 (September 30, 2022 - \$219,258) to settle current liabilities of \$1,304,572 that are due within one year (September 30, 2022 - \$2,542,098).

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. As at December 31, 2022, the Company had a receivable balance of \$95,694 (September 30, 2022 - \$152,763), which relates to GST receivable from the Federal Government of Canada. There was \$171,351 in Advances and Deposits as at December 31, 2022 (September 30, 2022 - \$151,509) which is made up of predominately of prepayments to vendors.

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 December 31, 2022, the Company does not have any interest-bearing loans or liabilities outstanding, apart from the CEBA loan, see Note 12. 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 December 31, 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 December 31, 2022 would result in a change to other comprehensive income(loss) and fair value of marketable securities of \$18,732.

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Notes to the Condensed Interim Consolidated Financial Statements

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11. MARKETABLE SECURITIES

The Company obtained Brixton Metals Corporation (“Brixton”) shares when it completed the sale of its Trapper property to Brixton in the year ended September 30, 2020.

During the quarter ended December 31, 2022 the Company sold 500,000 Brixton shares for cash proceeds of \$115,360 of which the Company recognized a realized loss of \$67,140. As at December 31, 2022 the Company held 624,393 (2021 – 1,124,393) Brixton shares and the price was \$0.30 (2021 - \$0.195) resulting in a fair value of \$187,318 (2021 - \$ 219,258). The total fair value adjustment on the Brixton marketable securities of \$83,420 for the quarter ended December 31, 2022, has been recorded to other comprehensive income(loss).

12. 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, 2023, 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.

13. 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.

14. SUBSEQUENT EVENTS

On February 23, 2023 the Company granted 1,379,000 stock options to management, directors and consultants of the company, exercisable at \$0.96 per share for period of five years. The options will vest 1/3 immediately, and 1/3 every year thereafter. An additional 20,000 options exercisable at \$0.96 per share were granted to a consultant of the Company for a period of one year. These 20,000 options will vest in four equal installments over 12 months.