

# Kodiak drill-testing nickel sulphide targets at Caribou

by Mike Kachanovsky

Last year the shares of **Kodiak Exploration Inc.** [KXL-TSXV] went on a tear after preliminary exploration work and a shallow drill program confirmed the presence of nickel, copper, cobalt and platinum group metals at the company's wholly owned Caribou Lake Project in the Northwest Territories.

Fifty holes were drilled over the spring and summer to explore the exposed marginal and upper parts of the intrusion over a strike length of nine kilometres. Two-thirds of these holes intersected significant amounts of nickel and copper and cobalt sulphides over core widths of up to 69 metres.

It is highly unusual to encounter so much sulphide in the upper layers of a multi-layer intrusive, so the project geologists were encouraged by the results of the first phase of drilling. However, the small drill rig was not capable of drilling to deeper targets at the base of the intrusion, where major concentrations of nickel, copper and cobalt may be expected to occur. The stock suffered an inevitable correction, and the market waited for further news.

After the drill program ended last fall, the company's exploration team went into high gear to identify drill targets along the prospective base of the intrusion. Analysis

of data from several different sources suggests that the geology, chemistry and structure of the host rock at depth present optimum conditions for the formation of one or more large nickel-copper-cobalt deposits. Since metal sulphides separating from a large body of molten rock are heavier than other elements in solution, they tend to settle to the bottom as the intrusion cools and solidifies. Depressions along the base of the rock mass thus act as traps in which these metals may concentrate into deposits of economic interest. Three-dimensional magnetic images of the intrusion have identified a number of these potential traps at Caribou, at depths ranging from 300 to 1,000 metres. Based on the number and size of potential sulphide traps, the presence of abundant nickel, copper and cobalt sulphides in the overlying layers, favourable mineralogy, and geophysical indications of metallic conductors at depth, management is optimistic that drilling to depth may encounter significant zones of mineralization.

There are many interesting exploration projects underway in the near north of Canada, but what makes Caribou so exciting is the sheer size and scale of the targets. The intrusion is more than nine kilometres long,

and is estimated to have a volume of more than 18 cubic kilometres, and occurs in an area many think of as remote, the property has direct deep water access to the port of Hay River, NWT, with road and rail connections to a nickel smelter only 1,100 kilometres away. At current market prices, the economics of developing a large nickel deposit that may be found on the property appear to be excellent. Phase II deep drilling at Caribou is scheduled to commence in late January.

To offset the challenges that go with 'elephant hunting' at Caribou, Kodiak acquired the Hercules property, an appealing project near Geraldton, Ontario. This is a gold project that has already yielded some impressive exploration results, including one drill core bearing visible gold, as part of an intercept grading 15.5 grams gold/tonne across an interval of 16.6 metres. This mineralization is hosted within a quartz vein system and associated stockwork zones, which have been traced along a wide shear system for a combined strike length of more than a kilometre. The property is easily accessible by road, and the potential exists for this project to develop into a significant mining camp as more work is completed.

Kodiak recently diversified its interests even further by acquiring several promising uranium prospects formerly held by Uranerz in the Otish Basin area of Québec. The market has certainly demonstrated a willingness to fund speculative uranium stories, so Kodiak's new properties should be considered a prudent addition to its exploration portfolio.

The company has an aggressive exploration schedule planned for 2007, and has completed equity placements to raise the funding for all of this work, with about \$9 million in cash currently held in the treasury. If ongoing exploration work generates additional success, management is considering a strategy to focus on various projects by spinning off ownership into separate companies, to unlock the value of each property for shareholders. ■

