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For Immediate Release

Kodiak Options Drill Ready Gold Prospect in Ontario / Plans Spin-Off

Vancouver, British Columbia, June 21st, 2006 – Kodiak Exploration Limited (the “Company” or “Kodiak”) has entered into a letter of intent (the “LOI”) for an option (the “Option”) to acquire a 100% interest in a group of contiguous mineral claims (collectively the “Claims”) covering approximately 8,869 acres in the Thunder Bay Mining Division, Ontario, subject to a 3% net smelter returns royalty (the “NSR”). The Company will have the right and option to purchase up to one-third (i.e. 1%) of the NSR for \$2,000,000 for a period of two years after the Option is exercised.

The “Spin-Off” Proposal

The LOI also provides that the Claims, which are collectively referred to as the “Hercules” property, are to be combined with the Company’s other mineral properties considered prospective for gold mineralization in a separate gold exploration company (“Newco”) which will be operated independently from Kodiak, but will initially have the same shareholders. The owners of the Hercules property believe that the current focus of Kodiak’s investors on the Company’s Caribou Lake project, which is considered prospective primarily for copper-nickel-PGE mineralization, will not allow the Hercules property to be fully valued by the market unless it is in a separate company which is focused on gold exploration. They do not want the market value of the Hercules property “included” in the market value placed on Caribou Lake. This corresponds with Kodiak’s objectives, as its Caribou Lake project is now its principal project and Kodiak intends to continue to focus its efforts on that project.

The separation of Kodiak’s copper-nickel-PGE prospect and its gold prospects will be accomplished by way of a statutory arrangement pursuant to the provisions of the Business Corporations Act (B.C.), commonly known as a “spin-off”, and will be subject to shareholder, Court and regulatory approvals and acceptances. Each person who is a shareholder of Kodiak on the effective date of the arrangement will keep all of his or her Kodiak shares and will also become a shareholder of Newco. It is the Company’s intention to cause Newco to apply for a listing on the TSX Venture Exchange, although there can be no assurance that such an application will be accepted. Listing will be subject to, among other things, Newco meeting the initial listing requirements of such exchange. Further details relating to the proposed arrangement and the terms of such arrangement will be released when the terms of a formal option agreement have been negotiated with the Optionors and the Company has completed preliminary discussions with the TSX Venture Exchange.

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The Hercules Property

The Hercules property is located in Ontario's Geraldton-Beardmore Gold Camp (more than 4 million ounces of gold produced to date). The property is road accessible and will be 100% controlled by Kodiak until completion of the spin-off, after which it will be 100% controlled by Newco.

Geological maps of the area and historical reports by Chilian (1974), MacCormack (1980) and Pudifin (1989) (collectively the "Reports") indicate that the property is bisected by a northeast-trending gold-bearing structure approximately 30-kilometres long. Nine kilometers of this structure lie within the Hercules property boundaries. Sturgeon River Gold Mine (119,000 oz Au), approximately 5 kilometers southwest of the Hercules property, and the Brookbank Deposit (314,000 oz Au), approximately 10 kilometers southwest of the Hercules property, are believed to be located on the same northeast-trending structure.

The WL Gold Zone

The Reports indicate that the WL Gold Zone is a drill-ready target. Historical drilling identified a gold-bearing shear zone 250 metres long and 11.2 metres in true thickness. Within this zone, strong quartz veins, locally containing visible gold, cut sheared metavolcanic rocks. The WL zone trends west-northwest and appears to be a splay off the main northeast shear structure.

Gold-bearing veins within the WL zone dip steeply to the south. Four historical drill holes intersected significant gold grades and widths that remain open down plunge, down dip and along strike. These four holes returned assays of up to 15.09 g/t Au over 4.27 metres. Historical drill highlights are summarized below:

Drillhole	Company	Au (g/t)	Width (m)
78-3	Metalore Resources	15.09	4.27
78-10	Metalore Resources	33.09	1.83
78-5	Metalore Resources	14.74	2.67
87-17	Goldteck Mines	14.50	1.71

Although the Reports indicate that surface grab samples from the WL zone have returned significant values of gold, silver, copper, zinc, lead and molybdenum, the drill core was not assayed for base metals and only intermittently assayed for silver. Chilian (1974) reported surface chip samples of vein and footwall material, well mineralized with sulphides, averaging 2% Cu, 2% Zn, 2% Pb, and 51.4 g/t Ag across 0.9 to 1.2 metres, and a selected grab sample of footwall material which assayed 338 g/t Ag.

The Elmhirst-Miron Prospect

The Elmhirst-Miron Prospect is located approximately 1 kilometre to the northwest along strike from the WL Gold Zone. It consists of two parallel shears in granodiorite along the contact with felsic metavolcanics.

The shears strike northwest and dip steeply east. Stripping and trenching along the eastern shear zone exposed a zone of recrystallized quartz breccia with potassic and sericitic alteration over a 67 metre strike length. Gold is associated with pyrite and sericite within this zone. Patterson et al. (1985) report that an historical 41.8 ton bulk sample was taken from the eastern shear zone in 1985 and shipped to Northern Concentrators for milling. Head assays were processed by Bondar Clegg Company Limited and averaged 11.14 g/t Au.

Kodiak's Planned Exploration Program

Kodiak has arranged with the property owners to carry out a staking program to secure an additional 135 claim units contiguous to the Hercules claim block, to ensure adequate coverage of the area. That program is under way and is expected to be completed within the next two or three days. It will increase the Hercules property from approximately 8,690 acres to approximately 14,970 acres. Subject to acceptance of the Option by the TSX Venture Exchange, Kodiak plans to carry out a summer exploration program which will include a 1500 metre diamond drill program designed to test the WL Gold Zone.

The Option Terms

The LOI provides that the Company will make an initial cash payment of \$50,000 and issue 200,000 shares to the Optionors, but that future payments will be made by the "spin-off" company. This is proposed to be accomplished by assigning the Option to Newco and, at the same time, transferring the Knucklethumb project (including the Vent claim block) and sufficient cash to Newco to finance the initial exploration of the Hercules property and cover costs of administration. Assuming completion of the plan of arrangement required to effect that "spin-off", the current shareholders of the Company will receive shares in Newco in the same proportions as they hold shares of the Company on the day the plan of arrangement is made effective, although not necessarily the same number of shares. In such event, future cash payments to the Hercules property owners will be made by Newco and future shares issued to them will be issued by Newco. The property owners are all at arm's length from the Company,

The obligations to be undertaken by Newco are as follows:

- (a) \$65,000 cash and 300,000 shares not later than the first anniversary of the date (the "Effective Date") on which Kodiak makes the first cash payment to the Optionors and issues the Kodiak shares referred to above to the Optionors;
- (b) \$75,000 cash and 350,000 shares not later than the second anniversary of the Effective Date;
- (c) \$100,000 cash and 400,000 shares not later than the third anniversary of the Effective Date;
- (d) \$250,000 cash and 500,000 shares not later than the fourth anniversary of the Effective Date;

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- (e) not less than \$275,000 in exploration expenditures not later than the first anniversary of the Effective Date; and
- (f) not less than an additional \$400,000 in exploration expenditures not later than the second anniversary of the Effective Date; provided that if the Company incurs more than \$275,000 in exploration expenditures before the first anniversary of the Effective Date, the Company shall receive credit for such excess expenditures against the \$400,000 in exploration expenditures otherwise required to be incurred before the second anniversary of the Effective Date.

The referenced transactions will be subject to acceptance by the TSX Venture Exchange and a number of other conditions, including, but not limited to, a formal option agreement and shareholder approval. There can be no assurance that the transaction will be completed as proposed or at all.

Ongoing Work at Caribou Lake

The Company's summer program at Caribou Lake is ongoing and is expected to continue until late July or early August, by which time Kodiak will have drilled an estimated 36 holes. At this time a total of 24 holes have been drilled. The Company looks forward to reporting on the results of the balance of the Phase 1 drilling program.

The information contained in this news release has been reviewed and approved by Trevor Bremner, P.Geol., who is a qualified person for the Hercules project under the definitions established by National Instrument 43-101. Mr. Bremner is an independent consultant to Kodiak

Kodiak is a mineral exploration company with properties located in Canada. Maps, photographs, geological details and additional information may be reviewed on its Web site at www.kodiakexp.com.

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On behalf of the Board of Directors
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