Form 51-102F1
Management Discussion and Analysis For
Kivalliq Energy Corporation ("Kivalliq" or "KIV" or the "Company")

Containing information up to and including January 20, 2015.

Introduction

Kivalliq Energy Corporation ("Kivalliq" or the "Company") is a uranium exploration company based in Vancouver, Canada, with a focus on the exploration of the Angilak Property, which hosts the Lac 50 Trend uranium deposits located in Nunavut Territory, Canada. The Company has additional uranium exploration properties in Nunavut Territory and the Province of Saskatchewan.

Note to Reader

This management discussion and analysis ("MD&A) focuses on significant factors that affected Kivalliq during the year ended September 30, 2014, and to the date of this report. The MD&A supplements but does not form part of, the audited annual financial statements of Kivalliq and the notes thereto for the years ended September 30, 2014 and 2013. Consequently, the following discussion and analysis should be read in conjunction with the audited annual financial statements and the notes thereto for the years ended September 30, 2014 and 2013.

Forward-Looking Information

This MD&A contains certain forward-looking information and forward-looking statements, as defined in applicable securities laws (collectively referred to herein as "forward-looking statements"). These statements relate to future events or Kivalliq's future performance. All statements other than statements of historical fact are forward-looking statements. Often, but not always, forward-looking statements can be identified by the use of words such as "plans", "expects", "anticipates", "believes", "estimates", "expects" and similar expressions, or the negatives of such words and phrases, or state that certain actions, events or results "may", "could", "would", "should", "might", or "will" be taken, occur or be achieved. Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results to differ materially from those anticipated in such forward-looking statements. The forward-looking statements in this MD&A speak only as of the date of this MD&A or as of the date specified in such statement. Specifically, this MD&A includes, but is not limited to, forward-looking statements regarding: the potential of Kivalliq's properties to contain economic uranium deposits; Kivalliq's ability to meet its working capital needs at the current level for the 12-month period ending September 30, 2015; the plans, costs, timing and capital for future exploration and development of Kivalliq's property interests, including the costs and potential impact of complying with existing and proposed laws and regulations; management's outlook regarding future trends; prices and price volatility for uranium; and general business and economic conditions.

Inherent in forward-looking statements are risks, uncertainties and other factors beyond Kivalliq's ability to predict or control. These risks, uncertainties and other factors include, but are not limited to, uranium deposits, price volatility, changes in debt and equity markets, timing and availability of external financing on acceptable terms, the uncertainties involved in interpreting geological data and confirming title to Kivalliq's properties, the possibility that future exploration results will not be consistent with Kivalliq's expectations, increases in costs, environmental compliance, and changes in environmental and other local legislation and regulation, interest rate and exchange rate fluctuations, changes in economic and political conditions and other risks involved in the uranium exploration and development industry, as well as those risk factors listed in the "Risks and Uncertainties" section below. Readers are cautioned that the foregoing list of factors is not exhaustive of the factors that may affect the forward-looking statements. Actual results and developments are likely to differ, and may differ materially from those expressed or implied by the forward-looking statements contained in the MD&A. Such statements are based on a number of assumptions about the following: the availability of financing for Kivalliq's exploration and development activities; operating and exploration costs; Kivalliq's ability to retain and attract skilled staff; timing of the receipt of regulatory and governmental approvals for exploration projects and other operations; market competition; and general business and economic conditions.

Forward-looking statements may be affected by known and unknown risks, uncertainties and other factors that may cause Kivalliq's actual results, performance or achievements to be materially different from any of its future results, performance or achievements expressed or implied by forward-looking statements. All forward-looking statements herein are qualified by this cautionary statement. Accordingly, readers should not place undue reliance on forward-looking statements. Kivalliq undertakes no obligation to update publically or otherwise any forward-looking statements, whether as a result of new information or future events or otherwise, except as may be required by law. If Kivalliq does update one or more forward-looking statements, no inference should be drawn that it will make additional updates with respect to those or other forward-looking statements, unless required by law.

Highlights of Kivalliq's activities for the year ended September 30, 2014:

Exploration

- On October 15, 2013, through a transaction with Pacific Ridge Exploration Ltd. (TSX-V: PEX), Kivalliq acquired 100% of Pacific Ridge's ownership interest in the Baker Basin Uranium Property.
- Summary of terms for Kivalliq to acquire 100% of Pacific Ridge's Baker Basin Property interest: Issued 600,000 Kivalliq shares at $0.25; made a $55,000 cash payment; and participated in a private placement purchase investment of $70,000 of PEX units.
- On January 13, 2014, the Company announced the staking of a new property northeast of Saskatchewan's Athabasca Basin and along the prospective Western Wollaston Tectonic Domain. Kivalliq's 100% owned "Genesis Property" commences 25 kilometres northeast of Cameco's Eagle Point uranium mine and extends 90 kilometres to the northeast along this strategic trend to the Manitoba border. Following the initial acquisition announced January 13, 2014, an additional 17 claims were staked in Saskatchewan and Manitoba. Kivalliq's Genesis Property comprises 53 claims totaling 495,883 acres (200,677 ha).
- On May 21, 2014, the Company announced the signing of a Letter of Intent setting out the terms of a proposed transaction between Kivalliq and Westham Resources Corp. "WHR" (now Roughrider Exloration Ltd. "Roughrider" - TSX-V: REL) related to Kivalliq's Genesis Property in northeastern Saskatchewan, Canada. Roughrider can acquire 85% interest in Kivalliq's Genesis Property in exchange for 20% of the issued and outstanding shares of REL on a post-transaction/post-financing basis. Kivalliq will be project operator for at least the first two years of the agreement.
- On August 7, 2014, Kivalliq announced the commencement of the 2014 exploration program on its Genesis Property. "Phase 1" of the 2014 exploration program was

operated by Kivalliq and fully funded by Roughrider. Kivalliq announced the completion of the “Phase 1” program on September 8, 2014.

Financing and Corporate

- On October 14, 2013, Kivalliq acquired a uranium exploration property in the prospective Baker Lake Basin of Nunavut Territory, Canada. As part of the purchase agreement, the Company issued Pacific Ridge 600,000 common shares at a deemed price of $0.25 per share.
- On July 16, 2014, Kivalliq announced that it had acquired ownership of 1,969,828 common shares of Roughrider through a mining option agreement. As a result of this acquisition, Kivalliq owns 1,969,828 common shares representing 10% of the issued and outstanding capital of Roughrider.
- On August 1, 2014, Kivalliq closed a private placement of 5,172,728 units at a price of $0.22 per unit for total gross proceeds of $1,138,000. Each unit consisted of one flow-through common share and one-half of one common share purchase warrant. Each warrant will be exercisable into a non-flow-through common share of Kivalliq for a period of 24 months from the closing date at an exercise price of $0.28 per common share.
- During the year ended September 30, 2014, 1,360,000 options were exercised for gross proceeds of $204,000 and 1,719,986 warrants and 1,235,000 options were expired/cancelled without exercise.
- During the year ended September 30, 2014, 8,060,000 options were issued at an exercise price of $0.22.

Subsequent Events

Highlights of Kivalliq’s activities subsequent to the period ended September 30, 2014:

- On October 30, 2014, Kivalliq and Roughrider announced the addition of seven claims totaling 1,879ha in Saskatchewan and Manitoba to the Genesis property.
- On November 12, 2014, Kivalliq announced results from the 2014 exploration program at Angilak, including results from geochemical and geophysical surveys.
- On December 1, 2014, Kivalliq and Roughrider announced final results from the 2014 “Phase 1” exploration program at the Genesis property. Final data have now been received from 5,984 line kilometres of DIGHEM airborne magnetic, electromagnetic and radiometric surveying, 291 lake sediment samples, 1,347 enzyme leach (EL) soil samples, 62 bio-geochemical samples and 16 rocks samples collected from the property.
- Subsequent to September 30, 2014, 10,650,000 options were expired/cancelled without exercise.

Operational Summary

Kivalliq plans to continue exploring the Angilak Property, as well as review historic data generated by previous exploration groups in order to define future exploration plans for Kivalliq’s Baker Basin Property, Nunavut. Kivalliq will operate an exploration program on behalf of Roughrider on Kivalliq’s 100% owned Genesis Property, Saskatchewan. Kivalliq expects to obtain financing in the future primarily through further equity and/or debt financing, or through joint venturing of Kivalliq’s properties to qualified resource companies.

Kivalliq's loss from operations for the year ended September 30, 2014 was $2,587,778 or $0.01 per common share (year ended September 30, 2013 - $1,084,752 or $0.01 per common share). Assets totalled $57,529,674 as at September 30, 2014 (September 30, 2013 - $56,957,527).

Kivalliq is an exploration stage company and engages principally in the acquisition, exploration and development of resource properties. Kivalliq capitalizes all acquisition and exploration costs until the property to which those costs are related is placed into production, sold, or abandoned. The decision to abandon a property is largely determined from exploration results and the amount and timing of Kivalliq's write-offs of capitalized exploration and evaluation assets will vary in a fiscal year from one year to the next and typically cannot be predicted in advance. As at September 30, 2014 exploration and evaluation assets totalled $54,593,330 (September 30, 2013 - $52,995,192) and details of the cost break-down are contained in the Schedule of Exploration and Evaluation Assets in the financial statements.

Results of Operations

For the Three Month Period Ended September 30, 2014

Net loss for the three month period ended September 30, 2014 was $1,547,502 or $0.01 per common share (three month period ended September 30, 2013 - $249,117 or $0.00 per common share). The major areas of expenditure during this period were stock-based compensation, salaries and consulting fees, office and sundry, and project evaluation.

		Three month period ended September 30		Increase (Decrease)	
	Note	**2014**	**2013**		
				$	%
Amortization and depreciation		$ 34,122	$ 42,023	$ (7,901)	(19)
Bank charges and interest		401	615	(214)	(35)
Investor relations	1	10,879	32,266	(21,387)	(66)
Listing and filing fees	2	9,730	1,469	8,261	562
Office and sundry		60,303	57,256	3,047	5
Professional fees	3	(4,027)	6,562	(10,589)	(161)
Project evaluation	4	87,690	-	87,690	100
Salaries and consulting fees		194,146	205,269	(11,123)	(5)
Stock-based compensation	5	1,212,653	-	1,212,653	100
Transfer agent fees		3,231	1,157	2,074	179
Travel and conference	6	30,037	43,557	(13,520)	(31)
		(1,639,165)	(390,174)	(1,248,991)	(320)
Project operator fees	7	59,820	-	59,820	100
Interest income	8	3,852	12,303	(8,451)	(69)
Loss on foreign exchange		(70)	(185)	115	(62)
Amortization of flow-through premium liability	9	73,582	-	73,582	100
Loss before income taxes		$ (1,501,981)	$ (378,056)	$ (1,123,925)	(297)

Notes:

1. Investor relations fees have decreased as spending has been curtailed due to current market conditions.
2. Listing and filing fees have increased due to the timing of a private placement in the current quarter as compared to none in the prior year's quarter.
3. Professional fees have decreased this quarter due to a reallocation of certain expenses to salaries and consulting fees.
4. During the quarter several project evaluation expenditures were incurred on potential new projects as compared to none in the same quarter of the prior year.
5. Stock-based compensation has increased due to the timing of the vesting of stock options. Options were granted and vested in the current quarter whereas no options were granted or vested during the same quarter in 2013.
6. Travel and conference expenses have decreased as spending has been curtailed due to current market conditions.
7. Project operator fees received from Roughrider from operating the Genesis property.
8. Interest income decreased as the Company's cash balance was lower throughout the current period as compared to the prior comparative period.
9. Amortization of flow-through premium liability relates to the requirement under IFRS to isolate the premium on flow-through shares issued. This is amortized over the period the flow-through funds are spent. During the quarter flow-through funds were raised and a portion of it was spent.

<u>For the Year ended September 30, 2014</u>

Net loss for the year ended September 30, 2014 was $2,587,778 or $0.01 per common share including stock based compensation expense of $1,212,653 (year ended September 30, 2013 - $1,084,752 or $0.01 per common share including stock-based compensation expense of $nil). The major areas of expenditure during this period were salaries and consulting fees, stock-based compensation, office and sundry, project evaluation and travel and conference.

	Note	Year ended September 30 2014	2013	Increase (Decrease) $	%
Amortization and depreciation		$ 136,490	$ 165,128	$ (28,638)	(17)
Bank charges and interest		2,118	2,112	6	(0)
Investor relations	1	48,456	130,317	(81,861)	(63)
Listing and filing fees	2	22,100	39,930	(17,830)	(45)
Office and sundry		229,119	222,991	6,128	3
Professional fees		78,558	86,807	(8,249)	(10)
Project evaluation	3	259,352	103,310	156,042	151
Salaries and consulting fees		900,736	900,557	179	-
Stock-based compensation	4	1,212,653	-	1,212,653	100
Transfer agent fees		25,953	19,397	6,556	34
Travel and conference	5	165,146	205,921	(40,775)	(20)
		(3,080,681)	(1,876,470)	(1,204,211)	(64)
Project operator fees	6	59,820	-	59,820	100
Interest income	7	21,160	63,655	(42,495)	(67)
Loss on foreign exchange		(259)	(2,651)	2,392	90
Amortization of flow-through premium liability	8	73,582	-	73,582	100
Loss before income taxes		$ (2,926,378)	$ (1,815,466)	$ (1,110,912)	(61)

Notes:

1. Investor relations fees have decreased as spending has been curtailed due to current market conditions.
2. Listing and filing fees have decreased as only one private placement was made in 2014. In 2013 there were two private placements.
3. Project evaluation expenses have increased this year due to more time spent on potential new projects as compared to the prior year.
4. Stock-based compensation has increased due to the timing of the vesting of stock options. Options were granted and vested in the current year whereas no options were granted or vested during 2013.
5. Travel and conference costs have decreased as spending has been curtailed due to current market conditions.
6. Project operator fees received from Roughrider from operating the Genesis property.
7. Interest income decreased as the company’s cash balance was lower throughout the current period as compared to last year.
8. Amortization of flow-through premium liability relates to the requirement under IFRS to isolate the premium on flow-through shares issued. This is amortized over the period the flow-through funds are spent. During the year flow-through funds were raised and a portion of it was spent.

Selected Annual Information

The following table summarizes selected financial data reported by the Company for the year ended September 30, 2014. The information set forth should be read in conjunction with the audited annual financial statements, prepared in accordance with International Financial Reporting Standards (“IFRS”), and the related notes thereon.

	For the year ended or as at September 30, 2014	For the year ended or as at September 30, 2013	For the year ended or as at September 30, 2012
Revenues	$59,820	Nil	Nil
Interest and other income	$21,160	$63,655	$116,210
Loss	$2,587,778	$1,084,752	$5,655,244
Basic and diluted loss per common share	$0.01	$0.01	$0.04
Total assets	$57,529,674	$56,957,527	$54,961,366
Total long term debt	Nil	Nil	Nil
Shareholders' equity (deficiency)	$53,153,696	$52,818,561	$49,386,160
Share capital	$57,925,527	$56,671,834	$53,080,461
Contributed surplus	$10,016,534	$8,727,682	$7,801,902
Deficit	$15,168,733	$12,580,955	$11,496,203
Cash dividends declared per common share	Nil	Nil	Nil

Summary of Quarterly Results

The following table summarizes selected quarterly financial data reported by the Company.

	Sept. 30, 2014	June 30, 2014	Mar. 31, 2014	Dec. 31, 2013	Sept. 30, 2013	June 30, 2013	Mar. 31, 2013	Dec. 31, 2012
Revenues	$59,820	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Interest and other income	$3,852	$(785)	$9,719	$8,374	$12,303	$18,368	$13,996	$18,988
Net loss	$(1,547,502)	$(271,280)	$(313,805)	$(455,191)	$(249,117)	$(366,387)	$(202,272)	$(266,976)
Basic and diluted loss per common share	$(0.01)	$(0.00)	$(0.00)	$(0.00)	$(0.00)	$(0.00)	$(0.00)	$(0.00)
Total assets	$57,529,674	$55,886,794	$56,200,910	$56,628,688	$56,957,527	$57,437,064	$56,058,223	$53,901,465
Shareholders' equity	$53,153,696	$52,123,107	$52,408,387	$52,689,370	$52,818,561	$53,067,678	$51,008,412	$49,209,184
Share capital	$57,925,527	$57,066,304	$57,066,304	$57,066,304	$56,671,834	$56,671,834	$53,201,805	$53,200,008
Contributed surplus	$10,016,534	$8,687,212	$8,687,212	$8,687,212	$8,727,682	$8,727,682	$7,772,058	$7,772,355
Deficit	$15,168,733	$13,621,231	$13,349,951	$13,036,146	$12,580,955	$12,331,838	$11,965,451	$11,763,179
Cash dividends declared per common share	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil

Liquidity and Capital Resources

Kivalliq is in the exploration stage and therefore has no regular cash flow. At September 30, 2014, Kivalliq had working capital of $1,557,586 (September 30, 2013 - $2,965,566).

Cash and cash equivalents totalled $1,067,494 as at September 30, 2014 (September 30, 2013 - $2,964,879).

During the year ended September 30, 2014, Kivalliq spent a total of $1,475,752 (2013 - $6,729,504) on Kivalliq's exploration and evaluation expenditures and other investing activities, spent $1,754,475 (2013 – $1,441,689) on operating activities of Kivalliq, and received

$1,332,842 (2013 - $4,472,530) from the issuance of shares via private placement and from the exercise of stock options.

At September 30, 2014, Kivalliq's investment in exploration and evaluation assets, aggregated $54,593,330 (September 30, 2013 - $52,995,192), made up of the following:

	Acquisition Costs	Exploration Costs	**Cumulative as at Sept 30, 2014**	Cumulative as at Sept 30, 2013
Angilak, Nunavut	$1,294,843	$52,833,623	**$54,128,466**	$52,995,192
Baker Basin, Nunavut	$205,000	$80,581	**$285,581**	-
Genesis Property, Saskatchewan	-	$179,283	**$179,283**	-
Total	$1,499,843	$53,093,487	**$54,593,330**	$52,995,192

At September 30, 2014, share capital totalled $57,925,527 comprised of 196,200,431 issued and outstanding common shares (September 30, 2013 - $56,671,834 comprised of 189,067,703 issued and outstanding common shares). As a result of the loss for the year ended September 30, 2014 of $2,587,778 (year ended September 30, 2013 - $1,084,752) the deficit at September 30, 2014 was $15,168,733 (September 30, 2013 - $12,580,955). With contributed surplus of $10,016,534 (September 30, 2013 - $8,727,682), the shareholders' equity at September 30, 2014 was $53,153,696 (September 30, 2013 - $52,818,561).

Kivalliq will have sufficient financial resources to meet its administrative overhead expenses for at least the next twelve months and is confident that even with the current tightening of the venture capital markets, it will be able to utilize the expertise of its board and management to raise additional funds if necessary to undertake its planned exploration activities. Actual funding requirements may vary from those planned due to a number of factors, including the results of exploration activity and market conditions.

Kivalliq expects to obtain financing in the future primarily through further equity and/or debt financing, as well as through joint venturing and/or optioning out Kivalliq's properties to qualified mineral exploration companies. There can be no assurance that Kivalliq will succeed in obtaining additional financing, now or in the future. Failure to raise additional financing on a timely basis could cause Kivalliq to suspend its operations and eventually to forfeit or sell its interest in its exploration and evaluation assets.

Exploration Update

Angilak Property, Nunavut

On November 12, Kivalliq announced results received from the 2014 exploration program at Kivalliq's 275,469 acre Angilak Property located in Nunavut Territory, Canada.

2014 Angilak Property Exploration Highlights:

- Geochemical results from 1,514 Enzyme Leach (EL) soil samples have significantly upgraded key drill targets at Dipole, Hot and KU
- 1,335 line kilometres of Versatile Time Domain Electromagnetic (VTEM) airborne geophysics was flown in two grids over several target areas

- The Dipole target is a distinct, two kilometre long geophysical anomaly having a coincident boulder assay of 2.24% U_3O_8, now confirmed by anomalous uranium-in-soil (U) trend over 3.4 kilometres of strike length
- The RIB target area, where historic drilling encountered uranium mineralization at shallow depths, is a geochemical and geophysical analogue to Dipole

Based upon review of data generated from Kivalliq's 2014 geophysical and geochemical surveys, Dipole has now emerged as a top priority drill target in the southwest portion of the Angilak Property.

VTEM Airborne Geophysical Survey

As part of the 2014 Angilak exploration program, a 1,335 line kilometre helicopter-borne VTEM survey was completed by Geotech Ltd. of Aurora, Ontario at 200 metre line spacing that focused on two grids in key target areas at the northeast and west side of the Angikuni Basin. Preliminary data has confirmed geophysical targets at Dipole and RIB. Final data is expected shortly and will be used to further refine shallow drill targets situated south of the Lac 50 Trend along the unconformity, or just within basin cover rocks (i.e. KU and Nine Iron).

Enzyme Leach Soil Sampling

The 2014 soil geochemical sampling program focussed on priority geophysical trends and geochemically anomalous areas identified by Kivalliq's 2013 exploration programs. A total of 1,514 soil samples were collected from 10 grids along lines spaced approximately 100 to 200 metres apart using 25 to 50 metre stations.

For further information on the Angilak Property, please see March 1, 2013 Revised NI 43-101 Angilak Technical Report.

Baker Basin, Nunavut

On October 15, 2013, through a transaction with Pacific Ridge Exploration Ltd. ("Pacific Ridge", TSX-V: PEX), Kivalliq announced the acquisition of a uranium exploration property in the prospective Baker Lake Basin of Nunavut Territory, Canada.

The Baker Basin Property is made up of 95 claims totalling 232,262 acres, located 60 kilometres south of the hamlet of Baker Lake, Nunavut Territory, Canada. Areva's Kiggavik uranium project (133 million lb mineral resource at 0.55% U_3O_8, Areva, Fourth IPGC, Vancouver January 24, 2012) is located approximately 80 kilometres west of Baker Lake and Agnico Eagle's Meadowbank gold mine (358,000 oz Au/year production: http://www.agnicoeagle.com) is located 70 kilometres north of Baker Lake.

The hamlet of Baker Lake is an important regional centre for mineral exploration and development in Nunavut; providing access to ocean shipping lanes, year-round airport facilities, and local capacity to provide all needed operational support services and supplies.

The Baker Basin Property is subject to certain royalties. For disclosure on previous agreements between Kivalliq and Pacific Ridge related to the Baker Basin Property, please see Kivalliq's Annual Management Discussion and Analysis of September 30, 2008 and Kivalliq's subsequent annual financial statements and MDA.

Genesis, Saskatchewan

The "Phase 1" program was undertaken between July 22 and September 10, 2014. Exploration focused on the definition of near surface, basement-hosted, structurally controlled uranium targets analogous to the Millennium, Roughrider and Eagle Point deposits located southwest of the Genesis Property in basement lithologies below the unconformity with the Proterozoic Athabasca Basin. Roughrider funded the "Phase 1" program pursuant to an Option Agreement allowing Roughrider to acquire up to an 85% interest in the Genesis Property.

Genesis Property 2014 "Phase 1" Exploration Program Highlights:

- The identification of six new priority target areas highlights the success of the 2014 Phase 1 Exploration Program: Jurgen 1, Jurgen 2, Johnston/GAP, Kingston, Daniel's Bay and Sava Lake.
- Over 410 kilometres of linear EM conductors identified by airborne geophysical surveying.
- Prospecting samples at the newly added GAP claims, include two frost heaved subcrop occurrences that assayed 0.36% U_3O_8 and 1.40% U_3O_8 respectively.
- A boulder from a newly discovered float occurrence in the Jurgen Lake area assayed 1.41% U_3O_8.
- Several EL soil sample grids with multielement anomalies correlating to EM conductors; referred to as Jurgen 1 and Jurgen 2, two conductors returned characteristic apical and contact peak soil signatures yielding values of up to 44.1 parts per billion uranium (ppb U) and 17.2 ppb U respectively.
- Anomalous biogeochemical results with uranium values up to 20 ppb U at Daniels Bay correlate with an arcuate EM conductor and anomalous EL soil results.
- Anomalous biogeochemical results with uranium values up to 8 ppb U adjacent to the 16 kilometer long Sava Lake conductor (see REL news release of Oct 21, 2014).
- Lake sediment samples have identified a strong uranium value in a bay on the northeast end of Wollaston Lake and confirmed highly anomalous uranium values upon follow-up to historic results at Burrill Bay, Sava Lake and Melnick Lake target areas.

2015 Exploration Program

The Company will announce exploration plans for the Angilak and Baker Basin Properties as and when they have been approved by Kivalliq's board of directors.

Risks and Uncertainties

Exploration Stage Company

Kivalliq is engaged in the business of acquiring and exploring mineral properties with the objective of locating economic mineral deposits. The Genesis property in Saskatchewan remains at an early stage. A number of uranium-mineralized zones have been identified on the Angilak and Baker Basin properties in Nunavut. These zones are in various stages of exploration. Development of Kivalliq's properties will only follow upon obtaining satisfactory exploration results. There can be no assurance that Kivalliq's existing or future exploration programs will result in the discovery of commercially viable mineral deposits. Further, there can be no assurance that even if an economic deposit of minerals is located, that it can be commercially mined.

Mineral Exploration and Development

The exploration and development of minerals is highly speculative in nature and involves a high degree of financial and other risks over a significant period of time which even a combination of careful evaluation, experience and knowledge may not eliminate. While discovery of a mineral deposit or ore body may result in significant rewards, few properties which are explored are ultimately developed into producing mines. Substantial expenses are required to establish ore reserves by drilling, sampling and other techniques and to design and construct mining and processing facilities. Whether a mineral deposit will be commercially viable depends on a number of factors, including the particular attributes of the deposit (i.e. size, grade, access and proximity to infrastructure), financing costs, the cyclical nature of commodity prices and government regulations (including those relating to prices, taxes, currency controls, royalties, land tenure, land use, importing and exporting of minerals, and environmental protection). The effect of these factors or a combination thereof cannot be accurately predicted but could have an adverse impact on Kivalliq.

Mining Operations and Insurance

Mining operations generally involve a high degree of risk. Kivalliq's operations are subject to all of the hazards and risks normally encountered in mineral exploration and development. Such risks include unusual and unexpected geological formations, seismic activity, rock bursts, cave-ins, flowing and other conditions involved in the drilling and removal of material, environmental hazards, industrial accidents, periodic interruptions due to adverse weather conditions, labour disputes, and political unrest. The occurrence of any of the foregoing could result in damage to, or destruction of, mineral properties or interests, production facilities, personal injury, damage to life or property, environmental damage, delays or interruption of operations, increases in costs, monetary losses, legal liability and adverse government action. Kivalliq does not currently carry insurance against these risks and there is no assurance that such insurance will be available in the future, or if available, at economically feasible premiums or acceptable terms. The potential costs associated with liabilities not covered by insurance or excess insurance coverage may cause substantial delays and require significant capital outlays.

No Operating History and Financial Resources

Kivalliq does not have an operating history and has no operating revenues and is unlikely to generate any in the foreseeable future. It anticipates that its existing cash resources, following any proposed private placements, will be sufficient to cover its projected funding requirements for the ensuing year. If its exploration program is successful, additional funds will be required for further exploration to prove economic deposits and to bring such deposits to production. Additional funds will also be required for Kivalliq to acquire and explore other mineral interests. Kivalliq has limited financial resources and there is no assurance that sufficient additional funding will be available to it fulfill its obligations or for further exploration and development, on acceptable terms or at all. Failure to obtain additional funding on a timely basis could result in delay or indefinite postponement of further exploration and development and could cause Kivalliq to forfeit its interests in some or all of its properties or to reduce or terminate its operations.

Government Regulation

The current or future operations of Kivalliq, including exploration and development activities and the commencement and continuation of commercial production, require licenses, permits or other approvals from various federal, provincial and local governmental authorities and such operations are or will be governed by laws and regulations relating to prospecting, development, mining, production, exports, taxes, labour standards, occupational health and safety, waste disposal, toxic substances, land use, water use, environmental protection, land claims of indigenous people and other matters. There can be no assurance, however, that Kivalliq will obtain on reasonable terms, or at all, the permits and approvals, and the renewals thereof, which it may require for the conduct of its current or future operations or that compliance with applicable laws, regulations, permits and approvals will not have an adverse effect on any mining project which Kivalliq may undertake. Possible future environmental and mineral tax legislation, regulations and actions could cause additional expense, capital expenditures, restrictions and delays to Kivalliq's planned exploration and operations, the extent of which cannot be predicted.

Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. Parties engaged in mining operations may be required to compensate those suffering loss or damage by reason of the mining activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations.

Competition

The mineral exploration and mining business is competitive in all of its phases. Kivalliq will compete with numerous other companies and individuals, including competitors with greater financial, technical and other resources, in the search for and the acquisition of attractive mineral properties. Kivalliq's ability to acquire properties in the future will depend not only on its ability to develop its present properties, but also on its ability to select and acquire suitable prospects for mineral exploration or development. There is no assurance that Kivalliq will be able to compete successfully with others in acquiring such prospects.

Title to Property

Kivalliq has taken precautions to ensure that legal titles to its property interests are properly recorded. There can be no assurance that Kivalliq will be able to secure the grant or the renewal of exploration permits or other tenures on terms satisfactory to it, or that governments in the jurisdictions in which the properties are situated will not revoke or significantly alter such permits or other tenures or that such permits and tenures will not be challenged or impugned. Third parties may have valid claims underlying portions of Kivalliq's interests and the permits or tenures may be subject to prior unregistered agreements or transfers or native land claims and title may be affected by undetected defects. If a title defect exists, it is possible that Kivalliq may lose all or part of its interest in the properties to which such defects relate.

Permitting and Regulatory Risks

Amendments to current laws, regulations and permits governing operations and activities of mining companies could have a material adverse impact on the Company. As well, policy changes and political pressures within and on federal, territorial, and First Nation governments having jurisdiction over or dealings with the Company could change the implementation and interpretation of such laws, regulations and permits, also having a material adverse impact on the Company. Such impacts could result in one or more increases in capital expenditures or reduction or delays in further exploration activities.

Environmental Risks and Hazards

All phases of Kivalliq's operations will be subject to environmental regulation in the jurisdictions in which it intends to operate. These regulations mandate, among other things, the maintenance of air and water quality standards and land reclamation, provide for restrictions and prohibitions on spills, releases or emissions of various substances produced in association with certain mining industry activities and operations. They also set forth limitations on the generation, transportation, storage and disposal of hazardous waste. A breach of such regulation may result in the imposition of fines and penalties. In addition, certain types of mining operations require the submission and approval of environmental impact assessments. Environmental legislation is evolving in a manner which will require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors and employees. The cost of compliance with changes in governmental regulations has the potential to reduce the viability or profitability of operations. Environmental hazards may exist on the properties in which Kivalliq holds interests or on properties that will be acquired which are unknown to Kivalliq at present and which have been caused by previous or existing owners or operators of the properties.

Commodity Prices

The price of Kivalliq's securities, its financial results and exploration, development and mining activities may in the future be significantly adversely affected by declines in the price of base minerals. Uranium prices fluctuate widely and are affected by numerous factors beyond Kivalliq's control such as the sale or purchase of uranium by various dealers, government agencies and financial institutions, interest rates, exchange rates, inflation or deflation, currency exchange fluctuation, global and regional supply and demand; production and consumption patterns, speculative activities, increased production due to improved mining and production methods, government regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting of minerals, environmental protection and international political and economic trends, conditions and events. The price of uranium has fluctuated widely in recent years, and future serious price declines could cause continued development of Kivalliq's properties to be impracticable.

Further, reserve calculations and life-of-mine plans using significantly lower uranium prices could result in material write-downs of Kivalliq's investment in mining properties and increased amortization, reclamation and closure charges.

In addition to adversely affecting reserve estimates and its financial condition, declining commodity prices can impact operations by requiring a reassessment of the feasibility of a particular project. Such a reassessment may be the result of a management decision or may be required under financing arrangements related to a particular project. Even if the project is ultimately determined to be economically viable, the need to conduct such a reassessment may cause substantial delays or may interrupt operations until the reassessment can be completed.

Price Volatility

In recent years, the securities markets in Canada and elsewhere have experienced a high level of price and volume volatility, and the market prices of securities of many public companies have experienced significant fluctuations in price which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. Any quoted market for Kivalliq's securities will be subject to such market trends and the value of such securities may be affected accordingly.

Key Executives

Kivalliq is dependent on the services of key executives and a small number of highly skilled and experienced consultants and personnel, whose contributions to the operations of Kivalliq are likely to be of importance. Locating mineral deposits depends on a number of factors, not the least of which is the technical skill of the exploration personnel involved. Due to the relatively small size of Kivalliq, the loss of these persons or Kivalliq's inability to attract and retain additional highly skilled employees or consultants may adversely affect its business and future operations. Kivalliq does not currently carry any keyman life insurance on any of its executives. The directors and officers of Kivalliq only devote part of their time to the affairs of Kivalliq.

Potential Conflicts of Interest

Certain directors and officers of Kivalliq are, and may continue to be, involved in the mining and mineral exploration industry through their direct and indirect participation in corporations, partnerships or joint ventures which are potential competitors of Kivalliq. Situations may arise in connection with potential acquisitions in investments where the other interests of these directors and officers may conflict with the interests of Kivalliq. Directors and officers of Kivalliq with conflicts of interest are subject to and do follow the procedures set out in applicable corporate and securities legislation, regulations, rules and policies.

Dividends

Kivalliq has no earnings or dividend record and is unlikely to pay any dividends in the foreseeable future as it intends to employ available funds for mineral exploration and development. Any future determination to pay dividends will be at the discretion of the Board of Directors of Kivalliq and will depend on Kivalliq's financial condition, results of operations, capital requirements and such other factors as the Board of Directors of Kivalliq deem relevant.

Nature of the Securities

The purchase of Kivalliq's securities involves a high degree of risk and should be undertaken only by investors whose financial resources are sufficient to enable them to assume such risks. Kivalliq's securities should not be purchased by persons who cannot afford the possibility of the loss of their entire investment. Furthermore, an investment in Kivalliq's securities should not constitute a major portion of an investor's portfolio.

Proposed Transactions

There are no proposed transactions that should be disclosed.

Additional Disclosure for Venture Issuers Without Significant Revenue

Additional disclosure concerning Kivalliq's general and administrative expenses and exploration and evaluation assets is provided in Kivalliq's Statement of Loss and Deficit and Schedule of Exploration and Evaluation Assets contained in its Audited Annual Financial Statements for September 30, 2014, available on www.sedar.com .

Outstanding Share Data

Kivalliq's authorized capital is unlimited common shares without par value. As at January 20, 2015 the following common shares, options and share purchase warrants were outstanding:

	# of Shares	Exercise Price	Expiry Date
Issued and Outstanding Common Shares	196,200,431		
Share Purchase Warrants	15,149,333	$0.50	April 4, 2015
	550,900	$0.50	April 4, 2015
	1,150,000	$0.28	July 5, 2016
	1,436,364	$0.28	August 1, 2016
	15,000	$0.28	August 1, 2016
Employee Stock Options	70,000	$0.30	January 29, 2015
	20,000	$0.40	September 8, 2015
	130,000	$0.50	October 19, 2015
	450,000	$0.50	January 25, 2017
	310,000	$0.45	September 25, 2017
	7,985,000	$0.22	September 12, 2019
Fully Diluted at January 20, 2015	223,467,028		

Off Balance Sheet Arrangements

Kivalliq does not utilize off balance sheet arrangements.

Transactions with Related Parties

Key management compensation

Key management consists of the Company's directors and officers. In addition to management and consulting fees paid to these individuals, or companies controlled by these individuals, the Company provides non-cash benefits. The aggregate value of compensation of key management for the year ended September 30, 2014 was $1,725,047 (2013 - $894,735) and was comprised of the following:

		Year ended September 30, 2014		Year ended September 30, 2013
Wages, salaries and consulting fees	**$**	**725,614**	$	862,765
Stock based compensation		**962,901**		-
Non-cash benefits		**36,532**		31,970
Total remuneration	**$**	**1,725,047**	$	894,735

Related party transactions

Related party transactions and balances not disclosed elsewhere in these financial statements are as follows:

During the year ended September 30, 2014, the Company reimbursed $348,474 (2013 - $575,034) to recover the direct costs of rent, salaries, and office and administration expenses incurred by Aurora Mineral Resource Group, a company controlled by John Robins and James Paterson.

During the year ended September 30, 2014, the Company reimbursed companies with common directors and key management $68,990 (2013 - $75,602) for staking, travel and office costs incurred on behalf of the Company.

During the year ended September 30, 2014, the Company incurred expenses on behalf of companies with common directors of $90,406 (2013 - $4,157) for consulting and office expenses.

The balance receivable from related parties at September 30, 2014 was $86,628 (2013 - $6,875). These balances are recorded on the statement of financial position under other receivables.

The balance prepaid to related parties at September 30, 2014 was $nil (2013 - $175,821). These balances are recorded on the statement of financial position under prepaid expenses.

The balance payable to related parties at September 30, 2014 was $22,060 (2013 - $15,716) and such payables are unsecured, non-interest bearing and are expected to be repaid under normal trade terms. These balances are recorded on the statement of financial position under accounts payable and accrued liabilities.

The amounts charged to the Company for the services provided have been determined by negotiation among the parties and, in certain cases, are covered by signed agreements. These transactions were in the normal course of operations and were measured at the exchange value, which represented the amount of consideration established and agreed to by the related parties.

Recent Developments and Outlook

Kivalliq expects to obtain financing in the future primarily through further equity and/or debt financing, as well as through joint venturing and/or optioning out Kivalliq's properties to qualified mineral exploration companies. There can be no assurance that Kivalliq will succeed in obtaining additional financing, now or in the future. Failure to raise additional financing on a timely basis could cause Kivalliq to suspend its operation and eventually to forfeit or sell its interest in its mineral properties.

Commitments

As disclosed in Note 11 of the audited annual financial statements for the year ended September 30, 2014, Kivalliq has entered into agreements for the rental of office space that require minimum payments in the aggregate as follows:

Fiscal 2015	66,258
Fiscal 2016	38,650
Total Commitments	**$ 104,908**

Also, as part of the agreement pertaining to Angilak Property, Kivalliq is committed to paying annual royalty fees of $50,000 to NTI.

Financial Instruments and Other Instruments

Categories of financial assets and liabilities

The fair value of the Company's cash and cash equivalents, other receivables, GST recoverable and accounts payable and accrued liabilities approximate carrying value which is the amount recorded on the statement of financial position due to their short term nature. The Company's marketable securities, under the fair value hierarchy, are based on level one inputs.

Credit risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to cash and cash equivalents, other receivables, marketable securities and GST recoverable. Management believes that the credit risk concentration with respect to financial instruments included in cash and cash equivalents, marketable securities, other receivables and GST recoverable is remote as they relate to deposits and interest receivable from major financial institutions, related party balances, marketable securities held with a major brokerage firm and GST recoverable from the Government of Canada, and other balances which have been subsequently collected. The maximum credit risk as at September 30, 2014 was $2,287,656 (2013 - $3,051,473).

Liquidity risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at September 30, 2014, the Company had a cash and cash equivalents balance of $1,067,494 (2013 - $2,964,879) to settle accounts payable and accrued liabilities of $789,629 (2013 – $352,750). All of the Company's financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms. Management believes that the Company has sufficient funds to meet its obligations as they become due.

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices.

(a) Interest rate risk

The Company has cash balances and no interest-bearing debt. The Company's current policy is to invest excess cash in investment-grade short-term deposit certificates issued by its banking institutions. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its banks. As of September 30, 2014, the Company had $444,245 (2013 – $2,604,173) in term deposits.

(b) Foreign currency risk

The Company operates predominately in Canada and is not exposed to any significant foreign currency risk.

(c) Price risk

The Company is exposed to price risk with respect to commodity and equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company closely monitors commodity prices of resources, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company. The Company maintains certain investments in marketable securities which are measured at fair value, being the closing price of each equity investment at the balance sheet date. We are exposed to changes in share prices which would result in gains and losses being recognized in total comprehensive loss. A 10% fluctuation in the price of the Company's marketable securities would increase/decrease comprehensive loss by $53,928 as at September 30, 2014 (September 30, 2013 - $N/A).

Critical Accounting Estimates

Kivalliq's accounting policies are presented in Note 2 of the September 30, 2014 audited annual financial statements. The preparation of financial statements in accordance with IFRS requires management to select accounting policies and make estimates. Such estimates may have a significant impact on the financial statements. Actual amounts could differ materially from the estimates used and, accordingly, affect the results of the operations. These include:

- the carrying values of exploration and evaluation assets;
- the useful lives for depreciation of equipment; and
- the valuation of stock-based compensation expense.

Exploration and evaluation assets

Resource exploration and development costs, including option payments, are capitalized on an individual area of interest basis until the properties are brought into production, at which time they will be amortized on a unit-of-production basis, or until the properties are abandoned, sold or management determines that the mineral property is not economically viable, at which time the unrecoverable deferred costs are expensed to operations. Option payments arising on the acquisition of mineral property interests exercisable at the discretion of Kivalliq are recognized as paid or payable.

Exploration and evaluation costs include cash consideration and the estimated fair market value of common shares or warrants on the date of issue as provided under the agreed terms of acquisition for the mineral property interest.

Capitalized exploration and evaluation costs are those directly attributable costs related to the search for, and evaluation of, mineral resources, that are incurred after Kivalliq has obtained the legal rights to explore a specific area and before the technical feasibility and commercial viability of a mineral reserve are demonstrable. Any costs incurred prior to obtaining the right to explore a mineral property are expensed as incurred as project evaluation expenses in the statement of operations and comprehensive loss.

Management reviews the carrying value of capitalized exploration and evaluation costs each reporting period for indications of impairment. Exploration and evaluation assets are tested for impairment whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. Where information is available, and conditions suggest impairment, the fair value of the mineral property is determined using net cash flows for the mineral property taking into account proven and probable reserves and resources, estimated future prices and operating, capital and reclamation costs. In the case of undeveloped projects, there may be only inferred or indicated resources to form a basis for the impairment review. In such cases, the impairment review is based on the exploration and evaluation results to-date and a status report regarding Kivalliq's intentions for development of the mineral property.

Recovery of the resulting carrying value of exploration and evaluation costs depends on the successful development or sale of the undeveloped project. If a project does not prove viable, all irrecoverable costs associated with the project are expensed to operations.

Once an economically viable reserve has been determined for a property and the decision to proceed with development has been approved, acquisition, exploration and evaluation assets attributable to that area are first tested for impairment and then reclassified to construction in progress within property and equipment.

The amount presented for exploration and evaluation assets represents costs incurred, less impairment costs, if any, to date and does not necessarily reflect present or future values.

Stock-based compensation expense

The grant date fair value of share-based payment awards granted to employees is recognized as an employee expense, with a corresponding increase in equity, over the period that the employees unconditionally become entitled to the awards. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognized as an expense is based on the number of awards that do meet the related service and non-market performance conditions at the vesting date.

Approval

The Board of Directors of Kivalliq Energy Corp. has approved the disclosure contained in this MD&A. A copy of this MD&A will be provided to anyone who requests it.

Additional Information

Additional information can be obtained by contacting:

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KIVALLIQ ENERGY CORPORATION
/s/ "Jim Paterson"
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Chief Executive Officer

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/s/ "Jonathan Singh"
Jonathan Singh
Chief Financial Officer