KIVALLIQ ENERGY CORPORATION

(An Exploration Stage Company)

INTERIM FINANCIAL STATEMENTS

FOR THE PERIOD ENDED JUNE 30, 2008

Unaudited – Prepared by Management

Canadian Dollars

Notice of Non-review of Interim Financial Statements

The attached interim financial statements for the nine month period ended June 30, 2008 have not been reviewed by the company's auditors.

Kivalliq Energy Corporation
(An Exploration Stage Company)
Interim Balance Sheets
Unaudited – Prepared by Management
Canadian Dollars

Statement 1

ASSETS		As at June 30, 2008		As at September 30, 2007
Current				
Cash	$	2,257,773	$	-
GST receivable		31,494		-
		2,289,267		-
Equipment		51,323		-
Resource Property Costs *(Note 4) – Schedule*		2,135,156		229,026
	$	4,475,746	$	229,026
LIABILITIES				
Current				
Accounts payable and accrued liabilities	$	1,185,977	$	-
SHAREHOLDERS' EQUITY				
Special Warrant Subscriptions Received *(Note 5d)*		1,600,000		-
Share Capital *(Note 5)*		1,455,324		-
Contributed Surplus *(Note 6)*		519,048		398,075
Deficit - *Statement 2*		(284,603)		(169,049)
		3,289,769		229,026
	$	4,475,746	$	229,026

Nature of Operations (Note 1)

ON BEHALF OF THE BOARD:

"John Robins", President & CEO, Director

"Charles Chebry, CFO", Director

Kivalliq Energy Corporation

Statement 2

(An Exploration Stage Company)

Interim Statements of Loss and Deficit and Comprehensive Loss

Unaudited – Prepared by Management

Canadian Dollars

	For the Three Months Ended June 30, 2008	For the Three Months Ended June 30, 2007	**For the Period from Incorporation on Feb. 13, 2008 to June 30, 2008**	For the Nine Months Ended June 30, 2007
Expenses				
Amortization	**$ 9,057**	$ 104	**$ 9,130**	$ 256
Bank charges and interest	**528**	8	**3,286**	339
Consulting	**37,000**	4,311	**57,063**	12,435
Investor relations	**11,875**	1,829	**19,205**	8,145
Listing and filing fees	**-**	(37)	**1,163**	843
Office and sundry	**2,646**	656	**3,713**	1,941
Professional fees	**-**	2,906	**8,052**	4,141
Rent	**-**	177	**1,262**	1,643
Stock-based compensation	**-**	10,363	**7,027**	61,602
Transfer agent fees	**355**	-	**355**	1,663
Travel and conference	**3,913**	2,694	**9,020**	7,709
Loss before the undernoted	**(65,374)**	(23,011)	**(119,276)**	(100,717)
Other Income				
Interest	**3,722**	-	**3,722**	-
Net Loss For The Period	**(61,652)**	(23,011)	**(115,554)**	(100,717)
Deficit - Beginning of Period	**(222,951)**	(122,942)	**(169,049)**	(45,236)
Deficit – End of Period	**$ (284,603)**	$ (145,953)	**$ (284,603)**	$ (145,953)
Basic and Diluted Loss per Share	**$ (0.01)**	N/A	**$ (0.03)**	N/A
Weighted Average Number of Shares Outstanding	**4,870,929**	N/A	**4,136,891**	N/A

Kivalliq Energy Corporation

Statement 3

(An Exploration Stage Company)

Interim Statement of Changes in Shareholders' Equity

Unaudited – Prepared by Management

Canadian Dollars

	For the Period from Incorporation on Feb. 13, 2008 to June 30, 2008	For the Nine Months Ended June 30, 2007
Special Warrant Subscriptions Received		
Balance, beginning of period	**$ -**	$ -
Special warrant subscriptions received	**1,600,000**	-
	1,600,000	-
Common Shares		
Balance, beginning of period	**-**	-
Issued for Properties	**176,536**	-
Issued for Cash, net of share issuance costs	**1,278,788**	-
Balance, end of period	**1,455,324**	-
Contributed Surplus		
Balance, beginning of period	**330,261**	203,895
Kaminak Funding	**53,902**	152,757
Warrants issued on receipt of mineral properties	**134,885**	-
Warrants issued with flow-through shares, net of issuance costs	**-**	-
Balance, end of period	**519,048**	356,652
Deficit		
Balance, beginning of period	**(169,049)**	(45,236)
Net loss for the period	**(115,554)**	(100,717)
Balance, end of period	**(284,603)**	(145,953)
Shareholders' Equity	**$ 3,289,769**	$ 210,699

- See Accompanying Notes -

Kivalliq Energy Corporation

Statement 4

(An Exploration Stage Company)

Interim Statement of Cash Flows

Unaudited – Prepared by Management
Canadian Dollars

	For the Three Months Ended June 30, 2008	For the Three Months Ended June 30, 2007	**For the Period from Incorporation on Feb. 13, 2008 to June 30, 2008**	For the Nine Months Ended June 30, 2007
Cash Flows from Operating Activities				
Net loss for the period	**$ (61,652)**	(23,011)	**$ (115,554)**	$ (100,717)
Items not affected by cash:				
Amortization	**9,057**	104	**9,057**	256
	(82,595)	(22,907)	**(106,497)**	(100,717)
Change in non-cash working capital:				
GST receivable	**(31,494)**	-	**(31,494)**	-
Accounts payable and accrued liabilities	**158,126**	-	**158,126**	-
	74,037	(22,907)	**20,135**	100,461
Cash Flows from Investing Activities				
Resource property costs	**(795,884)**	54,270	**(795,884)**	(52,040)
Equipment	**(60,380)**	-	**(60,380)**	
	(856,264)	54,270	**(856,264)**	(52,040)
Cash Flows from Financing Activities				
Special warrant subscriptions received	**1,600,000**	-	**1,600,000**	-
Issuance of share capital, net	**1,440,000**	-	**1,440,000**	-
Funding by Kaminak Gold Corporation	**-**	(31,363)	**(53,902)**	(152,501)
	3,040,000	(31,363)	**3,040,000**	(152,501)
Net Increase (Decrease) in Cash	**2,257,773**	-	**2,257,773**	-
Cash - Beginning of period	**-**	-	**-**	-
Cash and Cash Equivalents - End of Period	**$ 2,257,773**	-	**$ 2,257,773**	$ -
Supplemental Schedule of Non-Cash Investing and Financial Activities				
Accounts payables included in resource property costs	**1,027,851**	-	**$ 1,027,851**	$ -
Issuance of shares for property acquisition – Note 2	**-**	-	**$ 176,536**	$ -
Issuance of warrants for property acquisition – Note 2	**-**	-	**$ 134,885**	$ -

- See Accompanying Notes -

Kivalliq Energy Corporation

Schedule

(An Exploration Stage Company)

Interim Schedule of Resource Property Costs

Unaudited – Prepared by Management

Canadian Dollars

	For the Period Ended June 30, 2008		
	Acquisition Costs	Deferred Exploration	*Total*
Mineral Interests			
Angilak, Nunavut			
Acquisition costs – cash	$ 50,000	$ -	**$ 50,000**
Claim maintenance	35,333	-	**35,333**
Recording and staking	133,048	-	**133,048**
Assays	-	1,633	**1,633**
Field and supplies	-	1,416,558	**1,416,558**
Geological consulting	-	21,306	**21,306**
Travel and accommodation	-	454,770	**454,770**
	218,381	1,894,267	**2,112,648**
Baker Lake, Nunavut			
Claim maintenance	137	-	**137**
Geological consulting	-	204	**204**
Field and supplies	-	69	**69**
	137	273	**410**
Washburn, Nunavut			
Recording and staking	19,789	-	**19,789**
Claim maintenance	234	-	**234**
Field and supplies	-	34	**34**
Geological consulting	-	2,041	**2,041**
	20,023	2,075	**22,098**
Balance as at June 30, 2008	$ 238,541	$ 1,896,615	**$ 2,135,156**

1. Nature of Operations

Kivalliq Energy Corporation ("Kivalliq" or "the Company") was incorporated as a wholly owned subsidiary of Kaminak Gold Corporation ("Kaminak") on February 13, 2008 as 0816479 BC Ltd. under British Columbia's Company Act. Effective February 20, 2008 0816479 BC Ltd. changed its name to Kivalliq Energy Corp.

The Company became a reporting issuer in Alberta and British Columbia on July 4, 2008 by virtue of a reorganization transaction involving the exchange of securities between Kaminak, the Company and the shareholders of Kaminak. The reorganization transaction involved the acquisition from Kaminak of a 100% interest in Kaminak's Uranium properties (Angilak, Baker Lake and Washburn). On July 7, 2008, after completion of its private placements, the Company's shares became publicly trading on the TSX Venture Exchange under the symbol "KIV".

2. Spin Out Transaction

In February 2008, Kaminak completed a transfer of its Uranium properties to Kivalliq in exchange for 3,646,752 units of Kivalliq. In addition, in July 2008, Kivalliq issued an additional 14,587,008 units to Kaminak. Each unit consisted of one half of one common share and one quarter of one share purchase warrant which allows the holder to purchase one additional common share of Kivalliq at a price of $0.25 per share, exercisable for a period of 30 days from the date Kivalliq's shares are approved for trading on the TSX Venture Exchange (the shares were approved for trading on July 4, 2008). Kaminak then distributed 80% of these to the existing Kaminak shareholders pursuant to a corporate restructuring transaction ("Plan of Arrangement"). This resulted in each shareholder of Kaminak receiving 0.4 of a common share in Kivalliq and one quarter of one share purchase warrant for each outstanding common share of Kaminak held.

The Company also completed a non-brokered private placement of 6,400,000 Kivalliq Special Warrants, convertible to Kivalliq common shares upon Kivalliq obtaining its listing on the TSX Venture Exchange ("TSX:V"), at a price of $0.25 for gross proceeds of $1,600,000 in June 2008. These Special Warrants were converted to Kivalliq common shares on July 4, 2008, once the Company had obtained its approval for listing on the TSX:V.

The Company also completed a brokered private placement of 4,000,000 Kivalliq flow-through units at a price of $0.40 per unit for gross proceeds of $1,600,000 in two tranches. Each Unit consists of one flow-through common share of Kivalliq and one-half of one non-flow-through common share purchase warrant, each whole warrant being exercisable to purchase one common share of Kivalliq at a price of $0.50 for one year following the closing and $0.60 in the second year. The private first tranche closed on May 14, 2008 for gross proceeds of $360,000 and the second tranche closed June 9, 2008 for gross proceeds of $1,240,000. The agent received a commission equal to 10% of the gross proceeds of the offering, and have received 400,000 agent's warrants. Each agent's warrant entitles the holder to acquire one common share at a price of $0.50 to June 9, 2009 and $0.60 to June 9, 2010.

The carrying value of the assets and liabilities transferred pursuant to the Plan of Arrangement was as follows:

	February 26, 2008	September 30, 2007
Resource property costs	$ 311,421	$ 229,029

2. Spin Out Transaction - *Continued*

Shareholders' equity has been recorded as follows:

	February 26, 2008	September 30, 2007
Share Capital	$ 176,536	$ -
Contributed Surplus	357,836	398,075
Deficit	(222,951)	(169,049)
	$ 311,421	$ 229,029

The Company's June 30, 2008 balance sheet includes the historic values that were transferred from Kaminak in February 2008. The 2007 comparative balances are the values that would have been transferred as of that date. The Company's Statement of Loss and Deficit for the period ended June 30, 2007 is the result of a "carve-out" of an allocation of Kamiank's expenses for those periods. The allocation of Kaminak's general and administrative expenses was calculated on the basis of the ratio of costs deferred by Kaminak on the uranium mineral properties in each quarter presented as compared to the costs deferred on all mineral properties in each of these quarters.

3. Significant Accounting Policies

a) Equipment

The Company provides for amortization on its equipment at an annual rate of 20% on the declining balance method. One-half of the rates are taken in the year of acquisition.

b) Comprehensive Income

Comprehensive income is the change in the Company's net assets that results from transactions, events and circumstances from sources other than the Company's shareholders and includes items that would not normally be included in net earnings such as unrealized gains or losses on available-for-sale investments. Other comprehensive income includes the holding gains and losses from available for sale securities which are not included in net income (loss) until realized.

c) Financial Instruments

The Company adopted the new recommendations of the Canadian Institute of Chartered Accountants ("CICA") under CICA Handbook Section 1530 "Comprehensive Income" ("Section 1530"), Section 3251 "Equity", Section 3855 "Financial Instruments – Recognition and Measurement" ("Section 3855"), Section 3861 "Financial Instruments – Disclosure and Presentation" and Section 3865 "Hedges". These new sections, which apply to fiscal years beginning on or after October 1, 2006, provide requirements for the recognition and measurement of financial instruments and on the use of hedge accounting. Section 1530 establishes standards for reporting and presenting comprehensive income which is defined as the change in equity from transactions and other events from non-owner sources. Other comprehensive income refers to items recognized in comprehensive income but that are excluded from net income calculated in accordance with Canadian generally accepted accounting principles.

3. Significant Accounting Policies - *Continued*

c) **Financial Instruments** - *Continued*

Under Section 3855, all financial instruments are classified into one of five categories: held-for-trading, held-to-maturity investments, loans and receivables, available-for-sale financial assets or other financial liabilities. All financial instruments and derivatives are measured in the balance sheet at fair value except for loans and receivables, held-to maturity investments and other financial liabilities which are measured at amortized cost. Subsequent measurement and changes in fair value will depend on their initial classification as follows: (1) held-for-trading financial assets are measured at fair value and changes in fair value are recognized in net income; (2) available-for-sale financial instruments are measured at fair value with changes in fair value recorded in other comprehensive income until the instrument is derecognized or impaired; and (3) all derivative instruments, including embedded derivatives, are recorded in the balance sheet at fair value unless they qualify for the normal sale normal purchase exemption and changes in their fair value are recorded in income unless cash flow hedge accounting is used, in which case changes in fair value are recorded in other comprehensive income.

As a result of the adoption of these new standards, the Company has classified its cash as held-for-trading. GST receivable are classified as loans and receivables. Accounts payable and accrued liabilities is classified as other financial liabilities, all of which are measured at amortized cost. The Company has elected to measure all derivatives and embedded derivatives at fair value and the Company has maintained its policy not to use hedge accounting.

Section 3855 also provides guidance on accounting for transaction costs incurred upon the issuance of debt instruments or modification of a financial liability. Transaction costs are now deducted from the financial liability and are amortized using the effective interest method over the expected life of the related liability.

Section 3855 requires that all financial assets, except those classified as held to maturity, and derivative financial instruments, must be measured at fair value. All financial liabilities must be measured at fair value when they are classified as held for trading; otherwise, they are measured at cost. Investments classified as available for sale are reported at fair market value (or mark to market) based on quoted market prices with unrealized gains or losses excluded from earnings and reported as other comprehensive income or loss. Investments subject to significant influence are reported at cost and not adjusted to fair market value.

d) **Resource Property Costs**

The Company is in the process of exploring its resource properties and has not yet determined whether these properties contain reserves that are economically recoverable.

Resource exploration and development costs are capitalized on an individual area of interest basis until such time as an economic diamond body is defined or the prospect is abandoned. Costs for a producing prospect are amortized on a unit-of-production method based on the estimated life of the reserves, while costs for the prospects abandoned are written off.

The recoverability of the amount capitalized for the undeveloped resource properties is dependent upon the determination of economically recoverable ore reserves, confirmation of the Company's interest in the underlying mineral claims, the ability to farm out its resource properties, the ability to obtain the necessary financing to complete their development and future profitable production or proceeds from the disposition thereof.

3. Significant Accounting Policies - *Continued*

d) Resource Property Costs - *Continued*

Title to resource properties involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyancing history characteristic of many resource properties. The Company has investigated title to all of its resource properties and, to the best of its knowledge, title to all of its properties are in good standing.

e) Asset Retirement Obligations

The Company recognizes the fair value of legal obligations relating to retirement of property, plant, and equipment, and arising from the acquisition, construction, development, or normal operation of those assets. Such asset retirement cost is recognized at fair value when a reasonable estimate of fair value can be estimated, in the period in which it is incurred, added to the carrying value of the asset, and amortized into income on a systematic basis over its useful life. No asset retirement costs have been recognized for the periods presented as none of the Company's properties are estimated to require any remediation or other expenditures upon their retirement.

f) Income Taxes

Income taxes are accounted for using the asset and liability method. Future taxes are recognized for the tax consequences of "temporary differences" by applying enacted or substantively enacted statutory tax rates applicable to future years to differences between the financial statement carrying amounts and tax basis of existing assets and liabilities. The effect on deferred or future income taxes for a change in tax rates is recognized in income in the period that includes the date of enactment or substantive enactment. In addition, the method requires the recognition of future tax benefits to the extent that realization of such benefits is more likely than not.

g) Share Capital

Share capital issued for non-monetary consideration is recorded at an amount based on fair market value.

h) Stock-Based Compensation

All stock-based awards made to employees and non-employees are measured and recognized using a fair value based method. Accordingly, the fair value of the options at the date of the grant is accrued and charged to operations, with the offsetting credit to contributed surplus, on a straight-line basis over the vesting period. If and when the stock options are ultimately exercised, the applicable amounts of contributed surplus are transferred to share capital.

3. Significant Accounting Policies - *Continued*

i) Loss per Share

Basic loss per share is computed by dividing loss available to common shareholders by the weighted average number of common shares outstanding during the period. The computation of diluted loss per share assumes the conversion, exercise or contingent issuance of securities only when such conversion, exercise or issuance would have a dilutive effect on loss per share. The dilutive effect of convertible securities is reflected in diluted loss per share by application of the "if converted" method. The dilutive effect of outstanding options and warrants and their equivalents is reflected in diluted loss per share by application of the treasury stock method. The treasury stock method assumes that the options and/or warrants are exercised at the beginning of the year (or issue date if later) and the proceeds are used to repurchase outstanding shares of common stock.

j) Flow-Through Shares

The Company accounts for flow-through shares using the recommendations of the Emerging Issues Committee EIC-146. Canadian Income Tax Legislation permits an enterprise to issue securities referred to as flow-through shares, whereby the investor can claim the tax deductions arising from the renunciation of the related resource expenditures. When resource expenditures are renounced to the investors and the Company has reasonable assurance that the expenditures will be completed, future income tax liabilities are recognized (renounced expenditures multiplied by the effective tax rate) thereby reducing share capital.

If the Company has sufficient unused tax losses and deductions (“losses”) to offset all or part of the future income tax liabilities and no future income tax assets have been previously recognized on such losses, a portion of such unrecognized losses (losses multiplied by the effective corporate tax rate) is recorded as income up to the amount of the future income tax liability that was previously recognized on the renounced expenditures.

k) Management's Estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the dates of the financial statements and the reported amounts of revenues and expenses during the reported periods. In particular, resource property costs may be affected. Actual results could differ from those estimates.

3. Significant Accounting Policies - *Continued*

l) **Impairment of long-lived assets**

A long-lived asset is tested for recoverability whenever events or changes in circumstances indicate that its carrying amount may not be recoverable. An impairment loss is recognized when the carrying amount of a long-lived asset exceeds its fair value. For purposes of recognition and measurement of an impairment loss, a long-lived asset is grouped with other assets and liabilities to form an asset group at the lowest level for which identifiable cash flows are largely independent of the cash flows of other assets and liabilities. Estimates of future cash flows used to test recoverability of a long-lived asset include only the future cash flows that are directly associated with, and that are expected to arise as a direct result of, its use and eventual disposition.

m) **Financial instruments**

The Company examines the risks to which its financial instruments are exposed and assesses the likelihood and impact of these risks. The company has developed a policy to deal with its financial liquidity risk.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial commitments as they become due. The Company manages its liquidity risk by following a budgeting process to help determine the funds required to meet its operational and expansion plans. Moreover, the Company ensures there is sufficient working capital and available credit facilities to meet its ongoing current obligations.

n) **Management of capital risk**

The Company's objectives concerning capital management are to ensure that it will be able to continue as a going concern in order to pursue the operation of its producing property as well as the development of its other mineral properties. Management of capital risk consists of optimizing the debt and equity balances to maximize returns for stakeholders. The capital structure of the Company consists of equity components consisting of capital stock and contributed surplus. To maintain or adjust the capital structure, the Company may attempt to issue new shares, utilize its current available project debt facility, or enter into new debt arrangements. The Company expects to raise additional capital resources to sustain its operations and exploration projects within the next twelve months.

o) **Future accounting changes**

Effective October 1, 2008, the Company will adopt new CICA standards relating to goodwill and intangible assets. The Company is currently assessing the impact of this new accounting standard on its consolidated financial statements.

Goodwill and Intangible Assets (Section 3064)

This new standard replaces the current standard for goodwill and intangible assets, *Section 3062,* and establishes revised standards for the recognition, measurement, presentation and disclosure of goodwill and intangible assets. The new standard also provides guidance for the treatment of pre-production and start-up costs and requires that these costs be expensed as incurred.

4. Resource Property Costs:

Details are as follows:

	Acquisition Costs	Exploration Costs	**Cumulative as at June 30, 2008**
Angilak, Nunavut	$ 218,381	$ 1,894,267	**$ 2,112,648**
Baker Lake, Nunavut	137	273	**410**
Washburn, Nunavut	20,023	2,075	**22,098**
	$ 238,541	$ 1,896,615	**$ 2,135,156**

General

The Company acquired from Kaminak, a related party, through the Spin Out Transaction (Note 2) Kaminak's Uranium Properties: the Angilak Property, the Baker Lake Property, and the Washburn Property.

Angilak, Nunavut

Angilak is a combination of two properties, the RI-30 parcel located on Inuit Owned Lands, and additional claims staked on Federal Crown land.

Kaminak signed an Exploration Agreement (EA) with Nunavut Tunganuk Inc. ("NTI") whereby Kaminak was granted a 100% interest in the minerals within privately owned Inuit Owned Lands that comprise parcel RI-30. This parcel is located directly adjacent to Kaminak's "Angilak (formerly Yathkyed) IOCG Project" which is comprised of staked claims located on Federal Crown land.

In order to keep the property in good standing, Kivalliq will agree to complete the following:

- Kivalliq will issue NTI 1,000,000 shares from treasury staged over 36 months beginning only after final TSX-V approval for the spin-out transaction. No Kaminak shares will be issued to NTI. On July 4, 2008, 250,000 Kivalliq shares were issued.

- Upon completion of a feasibility study on any portion of the property, NTI has the option of taking either a 25% participating interest or a 7.5% net profits royalty in the specific area subject to the study. These terms will include any feasibility study on Kivalliq's adjacent 230,000 acre Yathkyed property.

- Kivalliq shall perform a minimum of 6,000m of drilling before the fourth anniversary of the agreement, including at least 3,000m to be completed at Lac Cinquante.

Upon completion of a National Instrument 43-101 compliant report that outlines a measured resource of at least 12 million pounds of uranium, Kivalliq will pay NTI a cash sum of C$1 million.

As a consequence of the land claims settlement, the property is not subject to royalty obligations to the Government of Canada, but instead is subject to an underlying 12% net profits royalty payable on all minerals to NTI. During periods of positive operating revenue, gross uranium revenue shall be calculated as 130% of the value of the product.

- Starting December 31, 2008, Kivalliq will pay annual advanced royalty payments to NTI in the sum of C$50,000 annually.

4. Resource Property Costs: - *Continued*

Baker Lake (Uranium), Nunavut:

On September 28, 2007, Kaminak signed an option agreement with Pacific Ridge Exploration Ltd. (“Pacific Ridge”), whereby, subject to TSX approval, Pacific Ridge can earn a 100% interest in the Baker Lake Uranium Project located in the Kivalliq District of central Nunavut. In order to complete this new option agreement, Pacific Ridge must complete all of the following:

(a) issue and deliver to Kaminak 2,000,000 fully paid and non-assessable common shares in the capital of Pacific Ridge within 10 business days of the Effective Date (received and to be retained by Kaminak);

(b) carry out Programs to explore the Property and solely fund and incur all the Expenditures on the Property until such time as the Option is exercised or terminated by Pacific Ridge and deliver to Kivalliq a Positive Bankable Feasibility Study reasonably acceptable to Kivalliq with respect to the Property; and

(c) issue and deliver to Kivalliq an additional 2,000,000 fully paid and non-assessable common shares in the capital of Pacific Ridge on the date of delivery to Kivalliq of the Positive Bankable Feasibility Study.

Until all the above requirements are met, Kivalliq retains a 40% project interest in the Baker Lake Uranium Project.

Upon the exercise of the Option, Kivalliq shall be entitled to elect to earn back a 20% Interest (the "Back-In Right") by paying Pacific Ridge within 90 days of the delivery by Pacific Ridge to Kivalliq of the Positive Bankable Feasibility Study an amount equal to 40% of the Expenditures incurred by Pacific Ridge on Programs and the Positive Bankable Feasibility Study. If either Pacific Ridge or Kivalliq intend to sell their respective project interests, the other party will have a first right of refusal on any offer.

Hunter Exploration Group has a 2% Net Smelter Return interest and Shear Minerals Ltd. has a 8.5% Net Profits Interest. The option agreement pertains to all commodities other than diamonds.

Washburn, Nunavut

The Washburn Uranium Property is located on Victoria Island, Nunavut.

5. Share Capital

a) Details as follows:

	Number	Amount
Authorized:		
Unlimited number of common voting shares without par value		
Issued:		
Issued on incorporation	**1**	$ -
Issued for property assignments	3,646,752	176,536
Issued for cash – Flow-through shares	4,000,000	1,278,788
Balance – June 30, 2008	7,646,753	$ 1,455,324

5. Share Capital - *Continued*

b) Warrants:

At June 30, 2008, the following warrants were outstanding:

Expiry Date	Weighted Average Exercise Price	Issued Number of Warrants	Weighted Average Remaining Contractual Life in Years
Agents Warrants			
June 9, 2010	$0.50/$0.60	400,000	1.94
Share Purchase Warrants			
August 4, 2008(1)	$0.25	1,823,376	0.10
May 14, 2010(2)	$0.50/$0.60	450,000	1.87
June 9, 2010(3)	$0.50/$0.60	1,550,000	1.94
Weighted average of exercise price	**$0.39**	**4,223,376**	**1.49**

1 subsequently extended to September 4, 2008
2 exercisable at $0.50 to May 14, 2009 and $0.60 to May 14, 2010
3 exercisable at $0.50 to June 9, 2009 and $0.60 to June 9, 2010

c) Stock Options

As at June 30, 2008 there were no stock options outstanding.

On June 25, 2008, the Company adopted a stock option plan with the following terms:

i) Options granted can not be lower than the market price of one share on the last trading day immediately preceding the day on which the option is granted, less the maximum applicable discount permitted by TSX Venture Exchange and the minimum exercise price per share must be at least $0.10.

ii) At the time of the grant:

a) the total number of shares so reserved for issuance by the Board of directors shall not exceed ten (10%) percent of the issued and outstanding shares (on a non-diluted basis);

b) the aggregate number of shares so reserved for issuance to any one optionee in a 12 month period shall not exceed five (5%) percent of the issued shares (on a non-diluted basis);

c) the aggregate number of options granted to any one consultant in a 12 month period shall not exceed 2% of the issued shares;

d) the aggregate number of options granted to employees, who provide investor relations activities must not exceed 2% of the issued shares in any 12 month period; and

e) options issued to consultants performing investor relations services must vest in stages over 12 months with no more than one-quarter of the options vesting in any 3 month period.

5. Share Capital - *Continued*

d) Special Warrants

During the period. the Company completed a non-brokered private placement of 6,400,000 Kivalliq Special Warrants, convertible to Kivalliq common shares upon Kivalliq obtaining its listing on the TSX Venture Exchange ("TSX:V"), at a price of $0.25 for gross proceeds of $1,600,000 in June 2008. These Special Warrants were converted to Kivalliq common shares on July 4, 2008, once the Company had obtained its approval for listing on the TSX:V.

6. Contributed Surplus

Balance consists of:

Funding by Kaminak Gold Corporation	**$**	**222,951**
Warrants issued for property assignments		**134,885**
Warrants issued with flow-through shares		**143,284**
Agent's warrants issued		**17,928**
Balance – June 30, 2008	**$**	**519,048**

7. Segmented Information

The current periods presentation includes the following segments:

	June 30, 2008	June 30, 2007
Net Loss:		
Kivalliq	$ 61,652	$ -
From Kaminak[(1)]	53,902	100,717
Total Expenditures	$ 115,554	$ 100,717

	June 30, 2008	September 30, 2007
Assets:		
Kivalliq	$ 4,164,325	$ -
From Kaminak[(2)]	311,421	229,026
Total Assets	$ 4,475,746	$ 229,026

1 – Expenditures allocated from Kaminak as per the carve out (refer to Note 2)
2 – Assets acquired from Kaminak as part of the Spin out transaction (refer to Note 2)

8. Subsequent Events

a) In July the Company completed the spin out transaction with Kaminak. (See Note 2)

b) 599,661 warrants expiring September 4, 2008 have been exercised for proceeds of $149,915.