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

Containing information up to and including February 28, 2018.

Note to Reader

This management discussion and analysis ("MD&A") focuses on significant factors that affected Kivalliq during the three-month period ended December 31, 2017, and to the date of this report. The MD&A supplements but does not form part of, the condensed interim financial statements of Kivalliq and the notes thereto for the three-month periods ended December 31, 2017 and 2016. Consequently, the following discussion and analysis should be read in conjunction with the condensed interim financial statements and the notes thereto for the three months ended December 31, 2017 and 2016.

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, 2018; 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 minerals 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 publicly 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.

INTRODUCTION

Kivalliq Energy Corporation ("Kivalliq" or the "Company") is an exploration company based in Vancouver, Canada, with a focus on exploration in Northern Canada. In addition to uranium exploration properties in Nunavut Territory and the Provinces of Saskatchewan and Manitoba, the Company also has the Baffin Gold Property in Nunavut Territory.

HIGHLIGHTS

- On October 10, 2017, the Company announced the completion of a 1,943 line-kilometre helicopter-borne electromagnetic survey at the Hatchet Lake Property and Genesis Property uranium projects.

- On October 25, 2017, the Company announced results from the 2017 summer exploration program at Kivalliq's 100% owned, Baffin Gold Property.

MINERAL PROPERTIES AND EXPLORATION

Angilak Property, Nunavut

Kivalliq's 100% owned Angilak Property comprises a total area of 89,852 hectares, consisting of a central Inuit Owned Land parcel RI-30 surrounded by 91 adjacent and contiguous mineral claims on Federal Crown lands. The property is subject to a 1% net smelter return ("NSR") royalty and is located approximately 225 kilometres southwest of the community of Baker Lake in the Kivalliq region of southern Nunavut Territory.

Since acquiring the Angilak Property in 2008, the Company has invested approximately $55 million conducting systematic exploration, including: ground and airborne geophysics, geological mapping; prospecting, and over 90,500 metres of diamond and reverse circulation ("RC") drilling.

Kivalliq's 2015 program led to the new Dipole discovery located within the Dipole-RIB Trend. Drilling returned multiple intervals of significant near surface uranium mineralization. The Dipole-RIB Trend is located approximately 25 km southwest of Lac 50 deposit and drill results demonstrate that Lac 50-type mineralization exists in multiple trends on the Angilak Property.

On November 8, 2016, the Company announced the results from its 2016 summer exploration program at the Yat and Dipole Target areas. The results confirmed that the high grade polymetallic U-Cu-Ag-Au (Pt-Pd) mineralization identified in boulders at Yat- is derived from localized bedrock sources.

Baffin Gold Property, Nunavut

On May 8, 2017 the Company announced a strategic addition to its project portfolio through acquisition of a dominant land position over one of the largest undeveloped greenstone-iron formation gold belts in Nunavut, Canada. The Baffin Gold Property totals 408,982 hectares and covers 160 kilometres of the Foxe Fold Belt on central Baffin Island.

The Baffin Gold Property is a district-scale land package comprised of consolidated mineral tenure, located approximately 230 kilometers southwest of the community of Clyde River on Baffin Island, in the Qikiqtani region of Nunavut. By entering a Mineral Exploration Agreement (“MEA”) directly with Nunavut Tunngavik Inc. (“NTI”) on Inuit Owned Lands, acquiring 15 prospecting permits from Indigenous Northern Affairs Canada and further acquiring an Option to earn 100% on two additional MEA’s with NTI and 6 crown mineral claims held by Commander Resources Ltd., Kivalliq has established a dominant land position and exclusive control over one of the largest undeveloped greenstone-iron formations in Canada. The Baffin Gold Property covers an entire Proterozoic gold belt having geological and structural similarities to multi-million-ounce gold mines in the north (i.e. Meadowbank, Lupin) as well as the prolific Homestake Mine in South Dakota. Previous exploration has identified numerous prospects along 140 kilometers of strike length, with high-grade gold occurring in multiple settings: silicate and sulphide iron formation; shear zones and quartz veins hosted in granodiorite, metavolcanics and metasediments. BHP-Billiton, Falconbridge, Commander Resources and AngloGold Ashanti have conducted exploration programs on the Property with extensive geoscience databases worth over $25 million. The Property also has an existing camp, tidewater access and two 1,200m airstrips, which will accelerate future work programs and potentials.

On July 25, 2017, the Company announced a $775,000 summer exploration program at the Baffin Gold Property. The program focused on multiple geological and structural settings hosting significant gold mineralization primarily on Inuit Owned Land parcels, and more specifically, the Kanosak and Central Belt areas.

Key developments within the three-month period ended December 31, 2017

On October 25, 2017, the Company announced results from the 2017 summer exploration program. Rock sample results confirmed high-grade gold in banded iron-formation and metasediment hosted quartz veins. Geochemical sample results identified a new 10km long corridor of anomalous gold at south Kanosak. Rock and new till geochemical results have also extended the strike length of known gold occurrences at Brent, confirmed gold in banded iron formation at west and north Kanosak and expanded anomalies around historic gold in till results.

Baker Basin Property, Nunavut

The Baker Basin Property is located 60km south of Baker Lake in Nunavut Territory, Canada and comprises 95 mineral claims totaling 93,993 hectares (232,262 acres). Kivalliq acquired 100% of Pacific Ridge Exploration Ltd’s ownership interest in the Baker Basin Uranium Property through payment of 600,000 shares of Kivalliq, $55,000 in cash and a $70,000 private placement purchase of Pacific Ridge Exploration Ltd securities.

Genesis Property, Saskatchewan & Manitoba

Kivalliq’s jointly owned (50% Kivalliq) Genesis Property begins 25 kilometres northeast of Cameco Corporation’s Eagle Point uranium mine site and extends 90 kilometres to the northeast along this favourable geological and structural domain to the Manitoba border. The Property comprises 41 mineral claims totaling 131,412 hectares.

On October 4, 2016, the Company announced the completion of a field program on the Genesis Property. A total of 187 enzyme leach soil samples, 147 biogeochemical samples and two rock samples were collected along the Jurgen 1 and Jurgen 2 target area trends. Sampling focused on infilling enzyme leach soil samples at Jurgen 1 and expansion of the enzyme leach and biogeochemical grids to cover newly identified gravity low anomalies along the trend to the northeast.

On September 1, 2017 Roughrider Exploration Limited (“Roughrider”) earned a 50% Initial Interest in the Genesis Property by completing expenditure commitment obligations to Kivalliq pursuant to the terms of the Option Agreement with Kivalliq. Roughrider has the right to acquire up to an 85% interest in the Property.

Key developments within the three-month period ended December 31, 2017

On October 10, 2017, the Company announced the completion of a 1,943 line-kilometre helicopter-borne electromagnetic survey at the Hatchet Lake Property and Genesis Property uranium projects. Geotech Ltd. of Aurora, Ontario was contracted to fly the survey using their ZTEM™ system, with in3D Geoscience Inc. providing independent QA/QC during data acquisition. The Genesis Property ZTEM™ survey was divided into four separate grids providing additional geophysical coverage over the Jurgen, Kingston, Johnston/GAP and Daniels Bay priority target areas.

Hatchet Lake Property, Saskatchewan

Kivalliq's 100% owned Hatchet Lake Property consists of 6 claims totaling 13,711 hectares, located adjacent to the north-eastern margin of the Athabasca Basin in Saskatchewan and 3.5 kilometres north west of Kivalliq's Genesis Property. Also located 39 kilometres along trend from the Roughrider uranium deposit and within 29 kilometres of Cameco's Eagle Point uranium mine site, the Hatchet Lake Property is subject to a 2% Net Smelter Return ("NSR") royalty granted to Rio Tinto. With Kivalliq holding a buy-down right of 0.5% for $750,000.

In January 2017, Kivalliq transferred and assigned the Company's 0.5% buyback in the NSR to Sandstorm Gold Ltd. ("Sandstorm"), and if exercised, Kivalliq has agreed to grant a 0.5% NSR royalty payable on all mineral products produced from the Hatchet Lake property. With Kivalliq holding a buy-down right of 0.5% for $750,000.

Key developments within the three-month period ended December 31, 2017

On October 10, 2017, the Company announced the completion of a 1,943 line-kilometre helicopter-borne electromagnetic survey at the Hatchet Lake Property and Genesis Property uranium projects. Geotech Ltd. of Aurora, Ontario was contracted to fly the survey using their ZTEM™ system, with in3D Geoscience Inc. providing independent QA/QC during data acquisition. The Hatchet Property survey totalled 720-line kilometres. The ZTEM™ survey will enhance earlier airborne geophysical data in areas having priority geochemical anomalies.

FINANCING & CORPORATE DEVELOPMENTS

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 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.

There were no financing and/or corporate developments within the three-month period ended December 31, 2017, nor within the subsequent period up to and including the date of this report.

SELECTED ANNUAL INFORMATION

The following table summarizes selected financial data reported by the Company for the year ended September 30, 2017. 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, 2017	For the year ended or as at September 30, 2016	For the year ended or as at September 30, 2015
Revenues	$7,073	$2,606	$38,873
Interest and other income	$6,613	$6,562	$12,311
Loss	$515,430	$400,662	$1,089,672
Basic and diluted loss per common share	$0.00	$0.00	$0.01
Total assets	$59,340,175	$57,945,501	$58,063,372
Total long-term debt	$100,000	$50,000	Nil
Shareholders' equity (deficiency)	$55,635,709	$54,218,539	$54,173,301
Share capital	$61,730,978	$60,294,821	$59,992,575
Contributed surplus	$11,102,447	$10,438,229	$10,381,746
Deficit	$17,174,497	$16,659,067	$16,258,405
Cash dividends declared per common share	Nil	Nil	Nil

RESULTS OF OPERATIONS

As at December 31, 2017 exploration and evaluation assets totalled $57,637,316 (December 31, 2016 - $56,957,070) and details of the cost break-down are contained in the Schedule of Exploration and Evaluation Assets in the financial statements.

Kivalliq's loss from operations for the three-month period ended December 31, 2017 was $182,067 or $0.00 per common share (2016 - $77,825 or $0.00 per common share). Assets totalled $59,102,868 as at December 31, 2017 (December 31, 2016 - $57,743,329).

For the Three Month Period Ended December 31, 2017

Net loss before income taxes for the three-month period ended December 31, 2017 was $182,067 or $0.00 per common share (2016 - $77,825 or $0.00 per common share). The major areas of expenditure during the period were:

- Investor relations decreased from $9,670 in Q1 2017 to $8,475 in Q1 2018 due to a contract entered into in the prior comparative period aimed at increasing exposure for the Company.
- Professional fees increased from $2,500 in Q1 2017 to $4,918 in Q412018 due to increased legal costs in the period.
- Salaries and consulting fees increased from $90,025 in Q1 2017 to $130,969 in Q1 2018 due to the payment of directors' fees.
- Travel and conference expenses decreased from 8,930 Q1 2017 to $517 Q1 2018 due to reduced travel costs.
- Transfer agent fees increased from $1,149 in Q1 2017 to $1,489 in Q1 2018. This was due to increased agent costs.

SUMMARY OF QUARTERLY RESULTS

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

	Dec 31, 2017	Sept 30, 2017	June 30, 2017	Mar 31, 2017	Dec 31, 2016	Sept 30, 2016	June 30, 2016	Mar 31, 2016
Revenues	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Interest and other income (expense)	$1,031	$4,358	$1,410	$395	$450	$(127,154)[2]	$30,882	$103,546[3]
Net loss	$(182,067)	$(320,512)	$(214,666)	$97,594[1]	$(77,825)	$(154,867)	$(112,872)	$(125,391)
Basic and diluted loss per common share	$(0.00)	$(0.00)	$(0.00)	$(0.00)	$(0.00)	$(0.00)	$(0.00)	$(0.00)
Total assets	$59,102,868	$59,340,175	$59,502,610	$59,628,909	$57,743,329	$57,945,501	$57,807,030	$57,720,639
Shareholders' equity	$55,453,642	$55,635,709	$55,921,267	$56,191,128	$54,019,517	$54,218,539	$54,085,361	$54,030,520
Share capital	$61,730,978	$61,730,978	$61,491,263	$61,461,263	$60,294,821	$60,294,821	$59,992,575	$59,992,575
Contributed surplus	$11,102,447	$11,102,447	$11,277,668	$11,277,668	$10,438,229	$10,438,229	$10,381,746	$10,381,746
Deficit	$17,356,564	$17,174,497	$16,853,984	$16,939,318	$16,736,892	$16,659,067	$16,504,200	$16,391,328
Cash dividends declared per common share	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil

[1] – Income in the quarter ended March 31, 2017 is due a non-cash deferred tax recovery of $246,733.
[2] – Interest and other expense in September 30, 2016 is due to the reclassification of income from the sale of jet fuel to offset against the Angilak property exploration costs.
[3] – Interest and other income in March 31, 2016 was greater mostly due to the sale of jet fuel which had been staged in Nunavut.

LIQUIDITY AND CAPITAL RESOURCES

Kivalliq is in the exploration stage and therefore has no regular cash flow. At December 31, 2017, Kivalliq had working capital of $1,054,977 (September 30, 2017 - $1,554,067).

Cash and cash equivalents totalled $757,693 as at December 31, 2017 (September 30,2017 - $1,097,072).

During the three-month period ended December 31, 2017, Kivalliq spent a total of $329,508 (2016 – $229,606) on the Company's exploration and evaluation expenditures, $nil (2016 - $nil) on its equipment, spent $9,872 (2016 - $23,225) on operating activities, received $nil (2016 – $72,144) from the sale of marketable securities, and received $nil (2016 – $nil) from the issuance of shares from a private placement.

At December 31, 2017, Kivalliq's investment in exploration and evaluation assets, aggregated $57,637,616 (December 31, 2016 - $56,957,070), made up of the following:

	Acquisition Costs	Exploration Costs	**Cumulative as at December 31, 2017**	Cumulative as at September 30, 2017
Angilak, Nunavut	$896,470	$54,497,453	**$55,393,923**	$ 55,316,757
Baker Basin, Nunavut	205,130	84,996	**290,126**	289,050
Baffin Property	131,718	1,150,668	**1,282,386**	1,039,155
Genesis Property, Saskatchewan and Manitoba	-	97,398	**97,398**	97,398
Hatchet Lake, Saskatchewan	-	573,484	**573,484**	565,448
Total	$1,233,318	$56,403,999	**$57,637,316**	$ 57,307,808

At December 31, 2017, share capital totalled $61,730,978 was comprised of 246,996,731 issued and outstanding common shares (September 30, 2017-$61,730,998 comprised of 246,996,731 issued and outstanding common shares). As a result of the loss for the three months ended December 31, 2017 of $182,067 (year ended September 30, 2017 - $515,430), the deficit at December 31, 2017 was $17,356,564 (September 30, 2017 - $16,736,892). With contributed surplus of $11,102,447 (September 30, 2017 - $11,102,447), the shareholders' equity at December 31, 2017 was $55,453,642 (September 30, 2017 - $55,635,709).

Kivalliq plans to utilize the expertise of its board and management to raise additional funds to undertake its planned exploration activities and to meet its administrative overhead expenses for at least the next twelve months. 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.

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 Baffin Gold Property in Nunavut and the Hatchet Lake and Genesis Properties in Saskatchewan (and Manitoba) remain at an early stage. A number of uraniummineralized 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 a mineral deposit 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, and 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 metals & minerals. These 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. These prices fluctuate widely, 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 uncertainties 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 key-man 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.

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 with key management for the three months ended December 31, 2017 was $82,200 (2016 - $51,206) and was comprised of the following:

	Three months December 31, 2017	Three months December 31, 2016
Wages, salaries and consulting fees	**$27,000**	$ 46,140
Directors Fees	**58,200**	-
Share-based compensation	**-**	-
Non-cash benefits	**-**	5,066
Total remuneration	**$85,200**	$ 51,206

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

During the three-month period ended September 30, 2017, the Company reimbursed $nil (2016 - $58,647) to recover the direct costs of rent, salaries, and office and administration expenses incurred by Aurora Mineral Resource Group ("AMRG"), a company controlled by John Robins. These costs reimbursed are not subject to any mark-up or fees as AMRG was set up for the express purpose of maximizing administrative efficiencies. As of February 1, 2016, AMRG no longer had any related party transactions with the Company.

During the three months ended December 31, 2017, the Company reimbursed companies with common directors and key management $nil (2016 - $11,594).

The balance receivable from related parties at December 31, 2017 was $nil (2016 - $nil).

The balance payable to related parties at December 31, 2017 was $51,000 (December 31, 2016 - $nil) 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.

PROPOSED TRANSACTIONS

There are no proposed transactions that should be disclosed.

CRITICAL ACCOUNTING ESTIMATES

Kivalliq's accounting policies are presented in Note 2 of the September 30, 2017 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.

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 December 31, 2017 was $1,094,087 (September 30, 2017 - $1,567,700).

Liquidity risk

Kivalliq's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at December 31, 2017, Kivalliq had a cash and cash equivalents balance of $757,693 (September 30, 2017 - $1,097,072) to settle accounts payable and accrued liabilities of $176,134 (September 30, 2017 - $231,375). All of Kivalliq's financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms. Management believes that Kivalliq 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

Kivalliq has cash balances and no interest-bearing debt. Kivalliq's current policy is to invest excess cash in investment-grade short-term deposit certificates issued by its banking institutions. Kivalliq periodically monitors the investments it makes and is satisfied with the credit ratings of its banks. As of December 31, 2017, Kivalliq had $704,879 (September 30, 2017 - $1,003,945) in term deposits.

(b) Foreign currency risk

Kivalliq 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 $32,198 as at December 31, 2017 (September 30, 2017 - $32,198).

OTHER REQUIREMENTS

Additional Disclosure for Ventures 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, 2017, available on www.sedar.com .

Commitments

As part of the agreement pertaining to Angilak Property, Kivalliq is committed to paying annual advance royalty fees of $50,000 to NTI. NTI allowed the Company to defer the annual advance royalty payments due on December 31, 2015, 2016, and 2018 to December 31, 2019, 2020, and 2021 respectively.

Outstanding Share Data

Kivalliq's authorized capital is unlimited common shares without par value. As at March 1, 2018, the following common shares, options and share purchase warrants were outstanding:

	# of Shares	Exercise Price	Expiry Date
Issued and Outstanding Common Shares	246,996,731		
Share Purchase Warrants	2,000,000 240,000 14,518,000 712,500	$0.15 $0.15 $0.15 $0.15	July 6, 2018 July 6, 2018 January 16, 2022 February 17, 2022
Employee Stock Options	6,990,000 10,900,000	$0.22 $0.10	September 12, 2019 July 6, 2022
Fully Diluted at February 28, 2018	282,357,231		

APPROVAL

The Board of Directors of Kivalliq Energy Corporation 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/ "James Paterson"
James R. Paterson
Chief Executive Officer

KIVALLIQ ENERGY CORPORATION
/s/ "Robert Scott"
Robert Scott
Chief Financial Officer