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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 23, 2010

Note to Reader

Readers of the following management discussion and analysis (MD&A) should refer to the Company's audited financial statements for the period ended September 30, 2009 and the related Management Discussion and Analysis as filed with SEDAR, available at www.sedar.com.

This interim MD&A is an update to the Annual Management Discussion and Analysis and should be read in conjunction with the Company's Unaudited interim financial statements for the three months ended December 31, 2009 together with the notes thereto, prepared by management in accordance with Canadian generally accepted accounting principles and expressed in Canadian Dollars.

Forward-Looking Information

When used in this document, words like "anticipate", "believe", "estimate" and "expect" and similar expressions are intended to identify forward-looking statements. Such statements are used to describe management's future plans, objects and goals for the Company and therefore, involve inherent risks and uncertainties. The reader is cautioned that actual results, performance, or achievements may be materially different from those implied or expressed in such statements.

Overall Performance

Kivalliq 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". Kaminak was incorporated on July 4, 2005 under the Business Corporations Act (British Columbia), and is an exploration stage enterprise focusing on the acquisition, exploration and development of economic uranium properties.

Highlights of the Company's activities during the period ended December 31, 2009:

Exploration

- The Company announced that highly radioactive intervals were intersected in five of the last seven drill holes targeting the Lac Cinquante Uranium Deposit on the Angilak

Project with anomalous readings between 9,100 and 35,000 cps in core. Radioactive intervals were intersected in zones 0.4 to 4.3 metres in width.

Highlights of the Company's activities subsequent to the period ended December 31, 2009:

- The Company engaged SGS Mineral Services to carry out initial metallurgical studies on samples prepared from drill core generated during the 2009 Program on the Lac Cinquante Uranium Deposit on the Angilak Project.

- On February 23, 2010, the Company completed a non-brokered private placement offering ("Offering") of 10,000,000 units at a price of $0.20 per unit for total gross proceeds of $2,000,000. Each unit consists of one common share and one common share purchase warrant. Each common share purchase warrant is exercisable into one common share at a price of $0.30 per share to February 22, 2012.

The Company is planning to continue to carry out exploration of its mineral properties, and to evaluate new prospects and opportunities. The Company expects to obtain financing in the future primarily through further equity and/or debt financing, as well as through joint venturing of the Company's properties to qualified mineral exploration companies.

The Company's loss from operations for the period ended December 31, 2009 was $94,754 or $0.00 per share (2008 - $182,552 ($0.01 per share)). Assets totalled $5,181,219 (September 30, 2009 - $5,412,396) as at December 31, 2009.

The Company is an exploration stage company and engages principally in the acquisition, exploration and development of resource properties. The Company 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 the Company's write-offs of capitalized resource property costs will vary in a fiscal year from one year to the next and typically cannot be predicted in advance. As at December 31, 2009 resource property costs totalled $4,207,033 (September 30, 2009 - $4,054,372) details of the cost break-down are contained in the Consolidated Schedule of Resource Property Costs in the financial statements.

Results of Operations

For the Three Months ended December 31, 2009

During the quarter ended December 31, 2009, the Company's main task was the planning of the 2010 exploration program for its Angilak property. The Company's net loss for this period was largely an influence of the general and administrative expenses incurred to maintain its TSX Venture Exchange listing and to promote the Company to new and existing shareholders.

Net loss for the period ended December 31, 2009 was $94,754 or $0.00 per share including stock based compensation expense of $13,641 (2008 - $182,552 or $0.01 per share including stock-based compensation expense of $13,168). Aside from stock-based compensation, the largest areas of expenditure during this year were salaries and consulting fees, professional fees, and travel and conference fees.

- Salaries and consulting fees totalled $44,980 (2008 - $113,209) and included $15,000 (2008 - $62,500) paid the Company's President and CEO and $9,000 (2008 - $19,000) paid to the Company's chairman.

- Professional fees totalled $15,950 (2008 - $19,914), including $7,500 (2008 - $15,000) paid to the Company's corporate secretary, $8,450 (2008 - $8,300) paid for the company's ongoing accounting services, and $Nil (2008 - $4,114) paid for ongoing legal services.

- Travel and conference fees totalled $17,972 (2008 - $12,526), including $12,984 paid for the company's attendance at investor relations conferences and $4,988 for corporate travel related to the conferences.

The above expenses represented approximately 84% (2008 - 92%) of total operating expenses prior to stock-based compensation.

Selected Annual Information:

The following table summarizes selected financial data reported by the Company for the year ended September 30, 2009. The information set forth should be read in conjunction with the consolidated audited financial statements, prepared in accordance with generally accepted accounting principles, and the related notes thereon.

	For the year ended or as at September 30, 2009	For the year ended or as at September 30, 2008*	For the year ended or as at September 30, 2007*
Revenues	Nil	Nil	Nil
Interest and other income	$1,171	$129,574	Nil
Loss	$533,469	$313,156	$123,813
Basic and diluted loss per share	$0.02	$0.02	NA
Total assets	$5,412,396	$3,987,088	$229,026
Total long term debt	Nil	Nil	Nil
Shareholders' equity (deficiency)	$4,971,353	$3,813,775	$229,026
Share Capital	$5,017,771	$3,600,252	Nil
Contributed Surplus	$969,256	$635,728	$398,075
Deficit	$1,015,674	$482,205	$169,049
Cash dividends declared per share	Nil	Nil	Nil

* For periods prior to February 26, 2008, the financial statements of Kivalliq Energy Corp., including the results of operations and cash flow, have been prepared on a carve-out basis from Kaminak Gold Corporation as is described in Note 2 of the financial statements. These results may not be indicative of the results that would have been attained if Kivalliq Energy Corp. had operated as a stand-alone entity for those periods.

Summary of Quarterly Results

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

	Dec. 31, 2009	Sept. 30, 2009	June 30, 2009	Mar. 31, 2009	Dec. 31, 2008	Sept. 30, 2008	June 30, 2008	Mar. 31, 2008*
Revenues	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Interest and other income	$18	8	-	$60	$1,103	$125,852	$3,722	Nil
Net loss(**)	$(94,754)	$(11,941)	$(168,389)	$(194,469)	$(182,552)	$(197,602)	$(61,652)	$(53,902)
Basic and diluted loss per share	$(0.00)	$(0.00)	$(0.00)	$(0.01)	$(0.01)	$(0.01)	$(0.01)	$(0.02)
Total assets	$5,181,219	$5,412,396	$4,925,997	$3,483,455	$3,623,624	$3,987,088	$4,475,746	$344,135
Shareholders' equity	$4,890,240	$4,971,353	$4,892,512	$3,432,173	$3,606,891	$3,813,775	$3,259,769	$344,135
Share capital	$5,017,771	$5,017,771	$5,059,532	$3,662,752	$3,662,752	$3,600,252	$1,455,324	$195,081
Contributed Surplus	$982,897	$969,256	$880,595	$668,647	$648,896	$635,728	$519,048	$149,054
Deficit	$1,110,428	$1,015,674	$1,027,615	$859,226	$664,757	$482,205	$284,603	Nil
Cash dividends declared per share	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil

* For the period from incorporation on February 13, 2008 to March 31, 2008

** For the period from incorporation on February 13, 2008 to March 31, 2008 the net loss and deficit is a result of the general and administrative expenses allocated from Kaminak on the spin out of the assets

Liquidity and Capital Resources

The Company is in the exploration stage and therefore has no regular cash flow. At December 31, 2009, the Company had working capital of $897,008 (September 30, 2009 - $1,143,868).

Cash and cash equivalents totalled $781,135 (September 30, 2009 - $1,170,942) as at December 31, 2009

During the three months ended December 31, 2009, the Company's spent a total of $294,667 (2008 - $65,569) on the Company's resource properties and $95,140 (2008 - $258,820) on the operating activities of the company.

At December 31, 2009, the Company's investment in resource properties, aggregated $4,207,033 (September 30, 2009 - $4,054,372), made up of the following:

	Acquisition Costs	Exploration Costs	**Cumulative as at December 31, 2009**	Cumulative as at September 30, 2009
Angilak, Nunavut	$ 458,980	$ 3,748,053	**$ 4,207,033**	**$ 4,054,372**

At December 31, 2009, share capital totalled $5,017,771 comprised of 41,354,494 issued and outstanding common shares (September 30, 2009 - $5,017,771 comprised of 41,354,494 issued and outstanding common shares). As a result of the loss for the period of $94,754 (2008 - $182,552) the deficit at December 31, 2009 was $1,103,844 (2008 - $664,757). With contributed surplus of $982,897 (September 30, 2009 - $969,256), and other comprehensive income of $Nil (September 30, 2009 - $Nil), the shareholders' equity at December 31, 2009 was $4,890,240 (September 30, 2009 -$4,971,353).

The Company currently has sufficient financial resources to meet its administrative overhead expenses and exploration expenditures at least for 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 and can raise additional funds to undertake its planned exploration activities. Actual funding requirements may vary from those planned due to a number of factors, including the progress of exploration activity and the ability of the Company to raise additional capital.

Exploration Update

General

During 2009 the Company carried out ground geophysical surveying and diamond drilling on the Angilak Property located near Yathkyed Lake in the Kivalliq District of Nunavut.

In May 2009, Aurora Geosciences Ltd. completed a 600 line kilometre, combined magnetic and electromagnetic geophysical survey over an area measuring 14 by 4 kilometres. The ground survey covered Inuit Owned Land Parcel RI-30, was centered on the historic Lac Cinquante Uranium Deposit and straddled the geological unconformity between Archean basement rocks and overlying Proterozoic sediments, which is an important targeting feature for uranium deposits worldwide.

In August 2009, the Company completed 1,745 metres of diamond drilling in 16 holes. The Program was designed to test electromagnetic conductors and confirm the extent of uranium mineralization at Lac Cinquante. Results from the 2009 Drill Program confirmed high-grade U_30_8 intervals near surface, over significant widths and along roughly one kilometre of strike length.

Highlights of assays from the 2009 Drill Program include:

- Drill Hole 09-LC-002 - 2.88 metres grading 2.06% U_3O_8
- Drill Hole 09-LC-006 - 2.45 metres grading 1.20% U_3O_8
- Drill Hole 09-LC-012 - 1.78 metres grading 1.87% U_3O_8
- Drill Hole 09-LC-015 - 1.47 metres grading 2.13% U_3O_8
- Drill Hole 09-LC-001 - 1.36 metres grading 1.49% U_3O_8
  (Down-hole intercepts)

Results from the 2009 Program demonstrate the potential for significant uranium mineralization on the Angilak Property. The 2009 Drill Program also verified historic work, provides key information for refining the geological model at Lac Cinquante, and will guide Phase 2 drilling in 2010.

Angilak Property, Nunavut

Since the mid 1970’s, exploration in the Yathkyed Lake area has been referenced by several names (i.e. LGT, Yathkyed, Lac Cinquante); however going forward, the Company collectively refers to all land holdings as the Angilak Property. The Angilak Property is a combination of two land tenures totalling 224,686 acres (90,930 hectares); Inuit Owned Land parcel RI-30 and 90 adjacent claims staked on Federal Crown land.

Following a new uranium policy introduced by Nunavut Tunngavik Inc. (NTI) in September 2007, Kaminak Corporation (a predecessor to the Company) signed an Exploration Agreement (EA) with NTI in May 2008, whereby Kaminak was granted a 100% interest in minerals within privately owned Inuit Owned Land parcel RI-30. Kivalliq Energy Corporation was formed in July 2008 and Kaminak assigned all uranium interests in Nunavut to the Company.

Kivalliq Energy Corporation was the first company in Canada to have a comprehensive agreement to explore on Inuit Owned Land for uranium. As part of this landmark partnership, NTI receives shares in the Company and can elect to have a participating interest in the project, or collect royalties upon completion of a feasibility study. The Company also makes advance royalty payments to NTI annually and commits to specific work programs until 2012. The agreement not only applies to privately-held Inuit Owned Land, but also extends to the 90 adjacent claims on Crown Land. Exploration work to date on Crown Land will keep all claims in good standing until at least January 2011.

Lac Cinquante

The Lac Cinquante Uranium Deposit was discovered by Pan Ocean Oil Ltd. in the late 1970’s and was later acquired by Aberford Resources Ltd and Abermin Corp. Very little geological assessment information is available in the public government archives; however, a researcher from the Geological Survey of Canada published a description of the deposit geology in the mid-1980’s based on a study of outcropping surface mineralization and diamond drill core (CIMM Special Paper #33, p. 263 to 285, 1986).

Pan Ocean Oil Ltd. (and later Aberford Resources) conducted 19,000 metres of drilling and spent over $13 million on the property between 1975 and 1982. In corporate reports dated 1985 and 1986, Abermin Corp. published indicated and inferred reserves at Lac Cinquante (LGT) of 11.6 million pounds of uranium oxide grading in excess of 1% U_3O_8, plus an additional 8.8 million pounds in a possible category for a total of 20.4 million pounds U_3O_8 (not compliant with National Instrument 43-101**). It appears little to no uranium exploration was carried out after 1982.

The 1986 CIMM report described the deposit as a vein-type hydrothermal system which resembles the classical veins of the Beaverlodge District in Saskatchewan. Mineralization consists of a steeply dipping series of fractures and veins, 1 to 3 metres wide, which contain variable amounts of pitchblende and sulphide minerals accompanied by hematite, carbonate, albite and silica alteration. The host structure is at least 1100 metres long and the mineralized portion measuring about 400 metres in length. Mineralization extends from surface to at least 265 metres depth and remains to be fully delineated.

** The quoted disclosure of historical resource estimates for the Lac Cinquante Uranium Deposit was prepared by Aberford Resources Ltd in 1982, Abermin Corporation in 1986, and referenced by other subsequent sources. It was prepared prior to the implementation of National Instrument 43-101 (NI 43-101) and should not be relied upon since it does not comply with NI 43-101 Standards of Disclosure for Mineral Projects. A Qualified Person has not classified the historical estimates as current mineral resources or reserves, and therefore, Kivalliq is not treating them as such. Kivalliq has not completed any work to verify these estimates, but ongoing exploration programs are designed to evaluate the economic potential of the deposit and environs. It is uncertain if further exploration will result in the deposit being classified a mineral resource or reserve. However, the historical uranium resource estimate is relevant because: it is indicative of a mineralized zone worthy of follow-up exploration as it is based on drilling and surface exploration carried out by what is believed to be knowledgeable explorers in accordance with acceptable industry practices at the time of the estimate. Historic estimates were originally classified as “indicated” and “inferred” reserves, plus a third “possible” category; however, the equivalent categories acceptable under NI 43-101 are not known at this time.

Certain disclosures in this release, including management's assessment of plans and projects and intentions with respect to listings of securities, use of proceeds and future exploration programs, constitute forward-looking statements that are subject to numerous risks, uncertainties and other factors relating to Kivalliq's operations as a mineral exploration company that may cause future results to differ materially from those expressed or implied in such forward-looking statements, including risks as to the completion of the plans and projects. Readers are cautioned not to place undue reliance on forward-looking statements. Kivalliq expressly disclaims any intention or obligation to update or revise any forward-looking statements whether as a result of new information, future events, or otherwise.

Additional Mineral Occurrences and Trends

Structurally hosted, vein-like uranium mineralization observed at Lac Cinquante represents one of many different types of mineralization observed on the Angilak Property. In the early 1990's, Leeward Capital and associated companies used historical data to carry out smaller diamond exploration programs in the region. WMC initiated a similar program in 1995 targeting IOCG deposits and diamonds in the broader Angikuni basin area.

Research by the Company determined that the Angilak Property is host to over 150 historic mineral showings, in addition to the historic Lac Cinquante Uranium Deposit. In 2007 and 2008, Kaminak geologists and independent geological consultants visited and sampled approximately 25 of these showings. This work confirmed historic assays, located new showings and identified several property-wide trends. Encouraging results for U, Ag, Cu, Au and rare earths were obtained, suggesting that the property has good potential for a range of other deposit types including; lode gold, IOCG and other uranium-associated mineralization. A portion of the summer exploration program in 2010 will be dedicated to upgrading and advancing many occurrences outside of Lac Cinquante, and across the entire Angilak Property.

Baker Lake (Uranium), Nunavut:

On July 14, 2008, Kivalliq signed an amending agreement with Pacific Ridge Exploration Ltd. ("Pacific Ridge"), whereby, Pacific Ridge was to have acquired a 100% interest in the Baker Lake Uranium Project located in the Kivalliq District of central Nunavut (subject to Kivalliq's back-in right) upon the signing of a joint venture agreement between Pacific Ridge and Aurora Energy Resources Inc. ("Aurora") and the issuance to Kivalliq of 2,000,000 common shares of Pacific Ridge (received).

Kivalliq is 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 Pre-Feasibility study an amount equal to 40% of the expenditures incurred by Pacific Ridge on programs and the Pre-Feasibility Study.

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

Washburn Uranium Project, Nunavut:

The Washburn Uranium Property comprises 197,797 acres (80,048 hectares) located on Victoria Island in Nunavut. No further work is planned at this time, and during the year ended September 30, 2009 costs associated with this property were written off. Permits that make up the Washburn Property are in good standing until January 2011.

Risks and Uncertainties

Exploration Stage Company

Kivalliq is engaged in the business of acquiring and exploring mineral properties in the hope of locating economic deposits of minerals. All of its properties are in the early stages of exploration and are without known deposits of commercial ore. 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 orebody 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, political unrest and in the case of diamonds, theft of production. 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 the 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 foreign federal, state 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, he 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 is 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

Some of Kivalliq's properties are held in the names of others. 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.

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 a 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 precious or base minerals. Precious or base minerals prices fluctuate widely and are affected by numerous factors beyond Kivalliq's control such as the sale or purchase of precious or base metals by various dealers, central banks 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 precious or base metals 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 precious or base minerals 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. It may be anticipated that any quoted market for Kivalliq's securities will be subject to such market trends and that 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 immediate future 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 the Company 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 the Company. 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 the Company. Directors and officers of the Company with conflicts of interest will be subject to and will follow the procedures set out in applicable corporate and securities legislation, regulation, 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 the Company'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. The Company's securities should not be purchased by persons who cannot afford the possibility of the loss of their entire investment. Furthermore, an investment in Company'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 KIV's general and administrative expenses and resource property costs is provided in the Company's Statement of Loss and Deficit and Schedule of Resource Property Costs contained in its Financial Statements for September 30, 2009, available on www.sedar.com .

Outstanding Share Data

Kivalliq's authorized capital is unlimited common shares without par value. As at February 23, 2010, the following common shares, options and share purchase warrants were outstanding:

	# of Shares	Exercise Price	Expiry Date
Issued and Outstanding Common Shares at February 23, 2010	41,354,494		
Share Purchase Warrants	900,000	$0.50/$0.60	May 14, 2010[1]
	3,100,000	$0.50/$0.60	June 9, 2010[2]
	1,000,000	$0.30/$0.60	May 14, 2011[3]
	4,335,000	$0.30/$0.60	May 27, 2011[4]
	1,000,000	$0.35/$0.65	August 20, 2011[5]
Agents Share Purchase Warrants	400,000	$0.50/$0.60	June 9, 2010[2]
	200,000	$0.20	May 14, 2011[3]
	441,500	$0.30/0.60	May 27, 2011[4]
	200,000	$0.25	August 20, 2011[5]
Employee Stock Options	597,200	$0.25	January 17, 2011
	20,000	$0.25	April 7, 2011
	166,000	$0.25	July 21, 2011
	20,000	$0.25	December 7, 2011
	96,000	$0.36	April 2, 2012
	54,000	$0.36	June 18, 2012
	1,991,250	$0.15	November 12, 2013
Fully Diluted at February 23, 2010	55,875,444		

[1] exercisable at $0.50 to May 14, 2009 and $0.60 to May 14, 2010
[2] exercisable at $0.50 to June 9, 2009 and $0.60 to June 9, 2010
[3] exercisable at $0.30 to May 14, 2010 and $0.60 to May 14, 2011
[4] exercisable at $0.30 to May 27, 2010 and $0.60 to May 27, 2011
[5] exercisable at $0.35 to August 20, 2010 and $0.65 to August 20, 2011
[6] exercisable at $0.20 to May 14, 2011 for one share and one share purchase warrant exercisable at $0.30 to May 14, 2010 and $0.60 to May 14, 2011
[7] exercisable at $0.25 to August 20, 2011 for one share and one share purchase warrant exercisable at $0.30 to August 20, 2010 and $0.60 to August 20, 2011

Off Balance Sheet Arrangements

The Company does not utilize off balance sheet arrangements.

Transactions with Related Parties

Included in the current period are consulting fees of $11,980 (2008 - $1,591), travel and conference charges of $7,350 (2008 - $9,000) and office and sundry charges of $2,842 (2008 - $3,077) to companies controlled by directors and officers of the Company.

During the period the Company paid $24,000 (2008 - $28,000) in consulting fees to directors and officers.

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.

Financial Instruments

Categories of financial assets and liabilities

As at December 31, 2009, the carrying value of the Company's financial instruments approximate their fair value. The carrying value of the Company's financial instruments is classified into the following categories:

	December 31, 2009	September 30, 2009
Held-for-trading	**$ 781,135**	**$ 1,170,942**
Receivables	**$ 123,901**	**$ 124,834**
Other financial liabilities	**$ 27,243**	**$ 164,943**

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 accounts receivable. Management believes that the credit risk concentration with respect to financial instruments included in accounts receivable is remote.

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, 2009, the Company had a cash balance of $781,135 (September 30, 2009 – $1,170,942) to settle current liabilities of $27,243 (September 30, 2009 - $164,943). All of the Company's financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms.

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 December 31, 2009, the Company did not have any investments in invested in investment-grade short-term deposit certificates.

(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.

Recent Developments and Outlook

The Company 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 the Company's properties to qualified mineral exploration companies. There can be no assurance that the Company will succeed in obtaining additional financing, now or in the future. Failure to raise additional financing on a timely basis could cause the Company to suspend its operation and eventually to forfeit or sell its interest in its mineral properties.

Financial Instruments and Other Instruments

The Company's financial instruments consist of cash, short-term investments, GST receivable, cash call receivable, accrued interest receivable, marketable securities, due to related party and accounts payable and accrued liabilities. Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from the financial instruments. The fair value of these financial instruments approximates their carrying value due to their short-term maturity or capacity of prompt liquidation.

Changes in Accounting Policies

The Company has not made any changes in accounting policy during the period.

Approval

The Board of Directors of Kivalliq Energy Corp. has approved the disclosure contained in this interim MD&A. A copy of this interim 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/ "Charles Chebry"
Charles Chebry, CMA
Chief Financial Officer