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

Containing information up to and including May 19, 2011.

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, 2010 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 six months ended March 31, 2011 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 on February 13, 2008. The Company became a reporting issuer in Alberta and British Columbia on July 4, 2008. On July 7, 2008, the Company's shares became publicly trading on the TSX Venture Exchange under the symbol "KIV".

Highlights of the Company's activities during the period ended March 31, 2011:

Corporate

- On October 19, 2010, John Robins was appointed Chairman of the Company's board of directors, while Dr. Robert Carpenter remained in the role of a director. Jim Paterson, a director since 2008, assumed the role of Chief Executive Officer and Jeff Ward was promoted to President after serving as the Company's Vice-President, Exploration, for the past 2 years. The Company issued 2,870,000 stock options to insiders, consultants and directors of the Company with an exercise price of $0.50 per share

- On November 3, 2010, Kivallq appointed Mr. Chris Twells as Chief Financial Officer and Mr. Andrew Berry as Vice President, Operations.

- On December 13, 2010, the Company closed a non-brokered private placement of 7,142,857 flow-through common shares at a price of $0.70 per common share for gross proceeds of $5,000,000. Finder's fees of $120,000 were paid in cash

- March 7, 2011, Kivalliq announced a proposed $20,000,000 financing, consisting of a brokered private placement of up to 14 million "flow-through" common shares at a price of $0.90 per share to raise approximately $12.5 million. In addition, Kivalliq announced its plans to undertake a non-brokered private placement financing for up to 10,000,000 common shares at $0.78 per share, for gross proceeds of $7.8 million.

- On March 23, 2011, due to extreme volatility in the global uranium sector, Kivalliq amended the financing terms previously announced on March 7, 2011 and proposed a $11.7 Million financing. The revised terms of the brokered financing consisted of selling 11,120,000 flow-through common shares at a price of CAD$0.60 per share to raise $6,672,000. The Company also granted the underwriters an over-allotment option to purchase up to 2,780,000 additional flow-shares at $0.60 per share, for additional proceeds of up to $1,668,000. In addition, the Company proposed to conduct a non-brokered private placement financing for up to 10,000,000 common shares at a price of $0.50 per share for gross proceeds of $5,000,000. A portion of the non-brokered private placement was to be subject to finders' fees

- On March 30, 2011, Kivalliq announced the closing of the brokered financing, consisting of 12,333,600 flow-through common shares at $0.60 per share for gross proceeds of $7,400,160. The Underwriters received cash commissions and advisory fees of $444,010 and 370,008 broker warrants at an exercise price of $0.90 for a period of 24 months from closing.

- On March 31, 2011, Kivalliq closed $4,275,000 of the previously announced non-brokered private placement, issuing 8,550,000 common shares. Finders fees payable were a cash commission of $254,000 and 249,000 finders warrants at an exercise price of $0.50 for a period of 24 months from closing.

- 1,218,700 options were exercised for gross proceeds of $500,728.

- 3,035,000 warrants were exercised for gross proceeds of $1,482,423.

Exploration

- On October 26, 2010, the Company announced the completion of Phase 2 drilling and the 2010 Exploration Program on the Angilak Property. The 2010 Program at Angilak operated from April to October and consisted of new camp construction, property-wide prospecting, environmental baseline studies, and a total of 16,600 metres of resource definition and exploratory drilling in 107 holes.

- On December 13, 2010, the Company announced high grade assays results from drill hole 10-NE-001. This new zone is located 1.8 kilometres west of the Lac Cinquante Main Zone and yielded two distinct intervals of significant U3O8 mineralization: 0.83% U3O8 over 1.4 metres and 0.66% U3O8 over 2.4 metres.

- On December 14, 2010, the Company announced final assay results from the last 27 holes drilled as part of the 107 hole, 16.600 metre 2010 drill program. New drilling confirmed mineralization at the Main Zone, down to a depth of 275 metres, and expanded mineralization to 1.35 km of strike length.

- On December 16, 2010, the Company announced assay results from the 2010 summer prospecting program on the Angilak Property. Nine priority areas were identified based upon these results, including assays from 290 grab samples collected from in-situ rock sources and glacial float material, over an eight week period from July through September 2010.

- On February 7, 2011, the Company announced the release of the first NI 43-101 compliant Mineral Resource estimate for the Lac Cinquante uranium deposit. The summary of this report described an Inferred Mineral Resource Estimate of 810,000 tonnes grading 0.79% U_3O_8, totalling 14.15 million lbs U_3O_8 (17.5 lbs U_3O_8/tonne) at a 0.2%U_3O_8 cut-off grade. A final technical report was filed on SEDAR on March 24, 2011.

- On February 15, 2011, the Company announced board approval for a two-phased, $17 million exploration program at the Angilak Property

- On March 24, 2011, Kivalliq filed on SEDAR the first NI 43-101 Technical Report on the Lac Cinquante Deposit.

Highlights of the Company's activities subsequent to the period ended March 31, 2011:

Corporate

- On April 5, 2011, Kivalliq closed the remaining $875,000 of the previously announced non-brokered private placement, issuing 1,750,000 common shares. Finder's fees payable were a cash commission of $60,000 and 60,000 finders warrants at an exercise price of $0.50 for a period of 24 months from closing.

- 10,000 options were exercised for gross proceeds of $3,000.

- 14,000 options expired without exercise.

Exploration

- On April 20, 2011, Kivalliq announced the commencement of Phase 1 of the 2011 exploration program at the Angilak Property.

Operational Summary

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

The Company's loss from operations for the year ended March 31, 2011 was $1,894,780 or $0.02 per share (2010 - $245,968 ($0.01 per share)). Assets totalled $33,381,523 as at March 31, 2011 (September 30, 2010 - $17,748,825).

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 March 31, 2011 resource property costs totalled $13,487,348 (September 30, 2010 - $11,622,913) 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 Six Months ended March 31, 2011

During the six months ended March 31, 2011, the Company's main task was the reviewing of the 2010 exploration results and the planning of the 2011 exploration program for the 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, to promote the Company to new and existing shareholders and the stock based compensation from the Black-Scholes calculation or options vesting.

Net loss for the period ended March 31, 2011 was $1,894,780 or $0.02 per share including stock based compensation expense of $1,471,745 (2010 - $245,968 or $0.01 per share including stock-based compensation expense of $55,657). Aside from stock-based compensation, the largest areas of expenditure during this year were salaries and consulting fees, investor relations fees and travel and conference fees.

- Salaries and consulting fees totalled $171,130 (2010 - $64,644) and included $70,000 (2010 - $27,500) paid the Company's CEO and $47,250 (2010 - $18,000) paid to the Company's chairman.

- Investor relations fees totalled $75,757 (2010 - $18,072), reflecting an increase in marketing and promotion activities of the Company.

- Travel and conference fees totalled $106,530 (2010 - $44,118), relating to the increased marketing and promotional activities, which required additional travel and attendance at conferences by the Company's staff.

The above expenses represented approximately 59% (2010 – 49%) of total operating expenses prior to stock-based compensation.

For the Three Months ended March 31, 2011

During the quarter ended March 31, 2011, the Company's main task was the planning of the 2011 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 and the stock based compensation from the Black-Scholes calculation or options vesting.

Net loss for the period ended March 31, 2011 was $258,509 or $0.00 per share including stock based compensation expense of $22,011 (2010 - $151,214 or $0.00 per share including stock-based compensation expense of $42,016). Aside from stock-based compensation, the largest areas of expenditure during this year were travel and conference fees, salaries and consulting fees, and professional fees.

- Travel and conference fees totalled $78,346 (2010 - $26,146), relating to the increased marketing and promotional activities, which required additional travel and attendance at conferences by the Company's staff.

- Salaries and consulting fees totalled $75,903 (2010 - $19,664) and included $30,000 (2010 - $7,500) paid the Company's CEO and $18,900 (2010 - $9,000) paid to the Company's chairman.

- Professional fees totalled $67,378 (2010 - $46,815) and related to the increased costs associated with the Company's year end audit $38,760 (2010 - $26,010) which increased with the complexity of the accounting as it increased in size. In addition, the fees for the newly hired Controller $6,284 (2010 – Nil) and the Company's CFO - $9,500 (2010 - $7,750) are a result of the increased number of transactions.

The above expenses represented approximately 67% (2010 - 55%) 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, 2010. 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, 2010	For the year ended or as at September 30, 2009	For the year ended or as at September 30, 2008*
Revenues	Nil	Nil	Nil
Interest and other income	$258	$1,171	$129,574
Loss	$1,254,148	$533,469	$313,156
Basic and diluted loss per share	$0.03	$0.02	$0.02
Total assets	$17,748,825	$5,412,396	$3,987,088
Total long term debt	Nil	Nil	Nil
Shareholders' equity (deficiency)	$15,816,739	$4,971,353	$3,813,775
Share Capital	$13,278,744	$5,017,771	$3,600,252
Contributed Surplus	$4,807,817	$969,256	$635,728
Deficit	$2,269,822	$1,015,674	$482,205
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.

	Mar. 31, 2011	Dec. 31, 2010	September 30, 2010	June 30, 2010	Mar. 31, 2010	Dec. 31, 2009	Sept. 30, 2009	June 30, 2009
Revenues	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Interest and other income	Nil	$217	Nil	$228	$12	$18	$8	Nil
Net loss	$(258,509)	$(1,636,271)	$(359,917)	$(648,263)	$(151,214)	$(94,754)	$(11,941)	$(168,389)
Basic and diluted loss per share	$(0.00)	$(0.02)	$(0.01)	$(0.01)	$(0.00)	$(0.00)	$(0.00)	$(0.00)
Total assets	$33,381,523	$21,856,847	$17,748,825	$10,182,711	$8,190,905	$5,181,219	$5,412,396	$4,925,997
Shareholders' equity	$31,452,729	$21,267,862	$15,816,739	$9,324,124	$7,422,261	$4,890,240	$4,971,353	$4,892,512
Share capital	$29,740,738	$19,230,394	$13,278,744	$8,948,063	$6,910,827	$5,017,771	$5,017,771	$5,059,532
Contributed Surplus	$5,876,592	$5,943,561	$4,807,817	$2,285,964	$1,773,074	$982,897	$969,256	$880,595
Deficit	$4,164,601	$3,906,093	$2,269,822	$1,833,090	$1,261,640	$1,110,428	$1,015,674	$1,027,615
Cash dividends declared per share	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil

Liquidity and Capital Resources

The Company is in the exploration stage and therefore has no regular cash flow. At March 31, 2011, the Company had working capital of $19,279,464 (September 30, 2010 - $4,691,674).

Cash and cash equivalents totalled $18,759,729 as at March 31, 2011 (September 30, 2010 - $5,222,744).

During the six months ended March 31, 2011, the Company's spent a total of $1,713,034 (2010 - $651,812) on the Company's resource properties and other investing activities and $1,782,508 (2010 - $62,784) on the operating activities of the company and received $17,184,024 (2010 - $2,641,217) from the issuance of shares via private placement and from the exercise of warrants and stock options.

During the three months ended March 31, 2011, the Company's spent a total of $774,077 (2010 - $367,290) on the Company's resource properties and other investing activities and $1,725,620 (2010 - $157,924) on the operating activities of the company and received $11,546,364 (2010 - $2,641,217) from the issuance of shares via private placement and from the exercise of warrants and stock options.

At March 31, 2011, the Company's investment in resource properties, aggregated $13,487,348 (September 30, 2010 - $11,622,913), made up of the following:

	Acquisition Costs	Exploration Costs	**Cumulative as at March 31, 2011**	Cumulative as at September 30, 2010
Angilak, Nunavut	$ 661,686	$ 12,825,662	**$ 13,487,348**	$ 11,662,913

At March 31, 2011, share capital totalled $29,740,738 comprised of 120,273,526 issued and outstanding common shares (September 30, 2010 - $13,278,744 comprised of 87,993,369 issued and outstanding common shares). As a result of the loss for the period of $1,894,780 (September 30, 2010 - $1,254,148) the deficit at March 31, 2011 was $4,164,601 (September 30, 2010 - $2,269,822). With contributed surplus of $5,876,592 (September 30, 2010 - $4,807,817), the shareholders' equity at March 31, 2011 was $31,328,229 (September 30, 2010 -$15,816,739).

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, 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 and results of exploration activity and the ability of the Company to raise additional capital.

Exploration Update

General

The Company operated an extensive two phase 2010 exploration program at Angilak. Work commenced in early April with the construction of the Nutaaq camp facility, a fully winterized field camp. A Phase I drilling program utilizing a single coring rig commenced in late April following completion of the camp. Under Phase 2 a second coring rig was mobilized to the property and commenced drilling in early August. Both drills continued working until mid October. A total of 16,606 metres of NQ drill core from 107 diamond drill holes was drilled on the property during both phases of the 2010 exploration program. Drilling targeted historic resource dimensions at Lac Cinquante with the objective of delivering a compliant 43-101 resource estimate in early 2011. Three geophysical targets with conductive responses similar to Lac Cinquante were also drill tested in 2010. Significant U3O8 mineralization over widths comparable to Lac Cinquante was intersected at two locations 500 metres and 1.8 kilometres west of Lac Cinquante respectively. The Company also initiated baseline environmental studies in 2010 and conducted an aggressive prospecting program that evaluated numerous historic occurrences across the remainder of the 225,000 acre Angilak property. Results from the prospecting program have been highly encouraging and have advanced at least nine target areas for further investigation.

On February 7, 2011 the Company announced the release of the first NI 43-101 Mineral Resource estimate for the Lac Cinquante uranium deposit. The Company received a summary report from Robert Sim of SIM Geological Inc. that describes an Inferred Mineral Resource Estimate of 810,000 tonnes grading 0.79% U_3O_8 , totalling 14.15 million lbs U_3O_8 (17.5 lbs U_3O_8/tonne) at a 0.2%U_3O_8 cut-off grade. The technical report was filed on SEDAR on March 24, 2011.

Angilak Property, Nunavut

In June 2010, the Company released final assays for its 2010 Phase 1 drill program, totalling 2,375 metres in 13 holes, at the Lac Cinquante Uranium Deposit located in Nunavut, Canada. Ten of the 13 holes intersected significant uranium mineralization. Between September and December assays were reported for ongoing Phase 2 drilling as they were received. On December 14, the Company released final assay results from the last 27 holes drilled as part of the 107 hole 2010 drill program. Assays reported from the eastern end of the Main Zone represented some of the highest grades reported to date on the property, including 6.86% U_3O_8 over 0.58 metres.

In addition, assay results from exploratory drill hole 10-NE-001 identified a new zone 1.8 kilometres west of Lac Cinquante, yielding two distinct intervals of significant U_3O_8 mineralization: 0.83% U_3O_8 over 1.4 metres and 0.66% U_3O_8 over 2.4 metres. This new zone is now referred to as “Blaze” zone. Exploratory holes 10-LC-013 and 10-NE-001, drilled during Phase 1 and Phase 2 respectively, intersected potentially ore grade intercepts within similar Lac Cinquante stratigraphy but away from the Main zone. These exploratory holes demonstrated the potential to extend to the Main Zone, or discover separate analogous uranium zones elsewhere along the 9 kilometre Lac Cinquante Trend.

On December 16 the Company released the last assays from the 2010 program. Final results were reported from the 2010 summer prospecting program at Angilak, which ran for an eight week period between July and September. Nine priority areas were identified based on mapping and assay results from 290 grab samples. Of the 290 samples collected: 151 represent insitu source rock and historic trenches, the remaining 139 samples represent glacial float such as cobbles and boulders in till. Over 17% returned values in excess of 1% U_30_8 and several samples returned high grade values in silver, molybdenum, copper and gold. Results from the 2010 prospecting program expanded areas of interest identified by previous operators, discovered new radioactive showings, and demonstrated the potential for new discoveries across the Angilak Property.

The 2010 Program at Angilak operated between April to October, achieving and exceeding all goals as initially proposed: new camp construction, delineation and exploratory drilling, property-wide prospecting, plus environmental baseline studies, The prime objective in 2010 was to generate data necessary to deliver the first NI 43-101 compliant mineral resource at Lac Cinquante. The two phase 2010 Drill Program completed 16,600 metres in 107 holes, within the Main Zone and along the Lac Cinquante Trend. New drilling confirmed mineralization at the Main Zone down to a depth of 275 metres, and expanded mineralization to 1.35 km of strike length. Lac Cinquante remains open in both directions and at depth based on the current drilling.

All assay results have been reported from both the 2010 drill program and prospecting campaign. The remainder of 2010 was dedicated to technical and resource modeling analysis with the goal of establishing a NI 43-101 mineral resource and the first quarter of 2011 was dedicated to the planning and preparation of the proposed 2011 exploration program announced on February 15, 2011.

Lac Cinquante Inferred Mineral Resource Estimate

On February 7, 2011 the Company received a summary report that describes an Inferred Mineral Resource Estimate of 810,000 tonnes grading 0.79% U_3O_8 , totalling 14.15 million lbs U_3O_8 (17.5 lbs U_3O_8/tonne) at a 0.2%U_3O_8 cut-off grade. The Mineral Resource estimate for Lac Cinquante was prepared under the direction of Robert Sim P.Geo., of SIM Geological Inc. A resource model was generated using drill sample assay results from Kivalliq’s 2009 and 2010 field seasons (up to October 31, 2010), and interpretation of a geological model relating to spatial distribution of uranium. For evaluation purposes, three additional metals: silver (g/t), molybdenum (%) and copper (%) were also estimated within the resource model. Lac Cinquante is considered to be an early stage project, therefore little is known about its potential mining or metallurgical characteristics. However, the resource is considered to exhibit reasonable prospects for economic extraction, and the base case cut-off threshold of 0.2% U_3O_8 is considered appropriate based on its location and other assumptions derived from deposits of similar type and scale. The technical report was filed on SEDAR on March 24, 2011. This first 43-101 compliant mineral resource estimate for the Lac Cinquante uranium deposit was a major milestone for the Company and provides the Company with a strong base from which to build additional uranium resources in 2011.

Proposed 2011 Exploration Program for the Angilak Property

On February 15, 2011 the Company announced a two phase 2011 exploration program at the Angilak Property. The Company plans to drill 20,000 metres of NQ core with two diamond drill rigs and 15,000 metres of reverse circulation ("RC") drilling on exploration targets with a light weight RC fly rig. The Company also plans to conduct extensive airborne and ground geophysical surveying programs and an aggressive prospecting campaign. The Board of Directors has approved a two-phased, $17 million exploration program at Angilak for the 2011 season. The first phase commenced in March 2011 with the mobilization of crews and equipment to the existing Nutaaq camp. The Company will commence drilling in April with two diamond drill rigs and one RC rig, and conduct ground geophysical surveys until break-up sometime in June. The Company will commence the second phase of the proposed exploration program at Angilak in July.

Background on the 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 has already completed specific work programs required by 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 October 2011 and beyond.

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 then 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 (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 document, 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 was 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 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.

Subsequent to an exploration program in early 2009, and Aurora's amalgamation with Fronteer Development Group, Pacific Ridge was advised that Aurora no longer wished to participate in further exploration. Claims that comprise the Baker Lake Project are in good standing until at least October 2012.

Washburn Uranium Project, Nunavut:

The Washburn Uranium Property comprises 197,797 acres (80,048 hectares) located on Victoria Island in Nunavut. During the year ended September 30, 2010, costs associated with this property were written off. Permits that make up the Washburn Property expired in January 2011 and no further work is planned by the Company on the Washburn Property.

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, 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 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 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 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 March 31, 2011, available on www.sedar.com .

Outstanding Share Data

Kivalliq's authorized capital is unlimited common shares without par value. As at May 19, 2011, the following common shares, options and share purchase warrants were outstanding:

	# of Shares	Exercise Price	Expiry Date
Issued and Outstanding Common Shares	122,033,526		
Share Purchase Warrants	3,607,500	$0.35	February 22, 2012
	1,250,000	$0.45	December 15, 2011
	75,000	$0.45	December 18, 2011
	237,500	$0.45	December 23, 2011
	62,500	$0.45	December 29, 2011
	32,500	$0.45	January 6, 2012
	7,500	$0.45	January 7, 2012
	377,500	$0.45	January 7, 2012
	5,550,000	$0.35	July 28, 2012
	3,600,000	$0.35	July 28, 2012
	2,400,000	$0.35	September 10, 2012
	50,000	$0.35	September 10, 2012
	370,008	$0.90	March 30, 2013
	249,000	$0.50	March 31, 2013
	60,000	$0.50	April 5, 2013
Employee Stock Options	130,000	$0.25	July 21, 2011
	40,000	$0.25	December 7, 2011
	96,000	$0.36	April 2, 2012
	38,000	$0.36	June 18, 2012
	2,275,000	$0.15	November 12, 2013
	150,000	$0.25	August 11, 2014
	583,500	$0.30	January 29, 2015
	1,165,000	$0.45	April 22, 2015
	20,000	$0.40	September 8, 2015
	2,860,000	$0.50	October 19, 2015
	75,000	$0.77	February 22, 2016
Fully Diluted	147,395,034		

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 $45,035 (2010 - $15,144), travel and conference charges of $19,433 (2010 - $9,900) and office and sundry charges of $43,224 (2010 - $28,434) to companies controlled by directors and officers of the Company.

During the period the Company paid $135,950 (2010 - $45,500) in consulting fees to directors and officers.

At March 31, 2011, $12,933 (September 30, 2010 - $3,578) was due to a company controlled by directors and officers of the Company, and $9,880 (September 30, 2010 - $13,720) was due to directors and officers of the Company.

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.

The amounts due to and from related parties are non-interest bearing with no fixed terms of repayment. The fair value of the amounts due to/from related parties cannot be determined as there are no specific terms of repayment.

Financial Instruments

Categories of financial assets and liabilities

As at March 31, 2011, 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:

	March 31, 2011	September 30, 2010
Held-for-trading	**$ 18,759,729**	**$ 5,222,744**
Receivables	**$ 656,799**	**$ 510,525**
Other financial liabilities	**$ 430,375**	**$ 1,383,786**

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 March 31, 2011, the Company had a cash balance of $18,759,729 (September 30, 2010 – $5,222,744) to settle current liabilities of $430,375 (September 30, 2010 - $1,383,786). 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 March 31, 2011, the Company had $72,069 (September 30, 2010 - $37,533) in term deposits.

(b) Foreign currency risk

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

(c) Price risk

The Company is exposed to price risk with respect to commodity and equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company closely monitors commodity prices of resources, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company.

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, HST 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/ "James Paterson"
James Paterson
Chief Executive Officer

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/s/ "Chris Twells"
Chris Twells, CGA
Chief Financial Officer