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

Containing information up to and including August 19, 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 nine months ended June 30, 2010 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 June 30, 2010:

Corporate

- 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.

- On March 8, 2010 the Company announced the acceleration of the share purchase warrants issued in May 2009.

- On April 22, 2010, the Company issued 1,315,000 stock options to insiders and consultants of the Company with an exercise price of \$0.45 per share.

- 9,314,000 warrants were exercised for proceeds of \$2,938,950

- 4,457,500 warrants expired without exercise.

Exploration

- On June 24, 2010 the company announced final assays for Phase 1 of the 2010 drill program, totalling 2,375 metres in 13 holes at Lac Cinquante. Ten of the 13 holes intersected significant uranium mineralization. Hole 10-LC-003 had the widest and highest grade drill intercept to date, assaying 0.70% U_3O_8 over 13.98 metres (estimated true width of 7.69 metres), including 1.22 metres at 4.68% U_3O_8. In addition, step out hole 10-LC-013 identified a new zone 500 metres west of the deposit, assaying 0.21% U_3O_8 over 1.96 metres.

  Phase 1 Drilling Highlights*

  - **Drill Hole 10-LC-003 - 13.98 metres grading 0.70% U_3O_8**
    - **including - 1.22 metres grading 4.68% U_3O_8**
  - **Drill Hole 10-LC-005 - 2.11 metres grading 2.06% U_3O_8**
  - **Drill Hole 10-LC-011 - 2.78 metres grading 0.84% U_3O_8**
  - **Drill Hole 10-LC-007 - 1.02 metres grading 2.68% U_3O_8**
  - **Drill Hole 10-LC-006 - 0.50 metres grading 2.90% U_3O_8**

    *Down-hole intercepts

- On May 8 2010, the Company commenced Phase 1 of a 10,000 metre 2010 diamond drill program on the Angilak Property in Nunavut. The 2010 program also included exploration on the remainder of the 225,000 acre Angilak property, which has over 150 known uranium occurrences. Summer work will consist of prospecting, sampling, drill target identification and baseline environmental studies.

- A fully winterized field camp was constructed in April 2010 to allow larger, year-round operations. Fuel was also mobilized to site to support a 6 month, two phase drill program starting in May.

- The Company engaged consultants to carry out initial technical and baseline studies to support future development on the Angilak Property and move toward establishing a NI43-101 compliant resource estimate for Lac Cinquante.

- On October 29, 2009 the Company announced high-grade U_3O_8 assay results for 13 holes drilled during the 2009 Program on the historic Lac Cinquante Uranium Deposit in Nunavut. Drilling confirmed high-grade U_30_8 intervals near surface, over significant widths (0.4 to 4.3 metres) and along roughly one kilometre of strike length. Two of the best intercepts demonstrated mineralization was open along strike in both directions. Assay results from both new and historic drill core substantiated grades, widths and continuity previously reported for Lac Cinquante, demonstrating that uranium mineralization extends from surface and is open to depth.

Highlights of the Company's activities subsequent to the period ended June 30, 2010:

- On July 29, 2010, the Company completed a non-brokered private placement offering ("Offering") of 20,000,000 non-flow-through units at a price of $0.25 per unit, for total gross proceeds of $5,000,000.

- 2,235,000 warrants were exercised for proceeds of $762,250

- 132,500 warrants were issued at a weighted average price of $0.37

- On August 10, the Company mobilized a second drill rig as part of Phase 2 of the ongoing 10,000 metre 2010 diamond drill program on the historic Lac Cinquante Uranium Deposit. Phase 2 will focus on completing enough drilling to establish a NI 43-101 compliant uranium resource and will consist of drilling, prospecting, sampling and field baseline studies. The fourth quarter of 2010 will be dedicated to technical and resource modeling analysis and the goal of establishing a NI 43-101 compliant mineral resource.

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 June 30, 2010 was $894,231 or $0.02 per share (2009 - $545,410 ($0.02 per share)). Assets totalled $10,182,711 as at June 30, 2010 (September 30, 2009 - $5,412,396).

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 June 30, 2010 resource property costs totalled $7,119,355 (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 nine months ended June 30, 2010

During the nine months ended June 30, 2010, the Company's main task was the 2010 exploration program on 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 June 30, 2010 was $894,231 or $0.02 per share after income tax recovery of $237,515 and including stock based compensation expense of $651,355 (2009 - $545,410 or $0.02 per share including stock-based compensation expense of $52,671). Aside from stock-based compensation, the largest areas of expenditure during this year were salaries and consulting fees, professional fees, travel and conference fees and office and sundry fees.

- Salaries and consulting fees totalled $158,392 (2009 - $231,424), including $39,300 (2009 - $56,000) paid to the Company's President and CEO and $27,000 (2009 - $27,000) paid to the Company's Chairman.

- Professional fees totalled $92,317 (2009 - $79,631), including $21,000 (2009 - $22,500) paid to the Company's corporate secretary, $25,749 (2009 - $21,450) paid for the company's ongoing accounting services, $26,010 paid for the audit of the Company's financial statements (2009 - $26,416), and $10,362 (2009 - $9,265) paid for ongoing legal services.

- Travel and conference fees totalled $77,567 (2009 - $48,742), including $33,975 paid for the company's attendance at investor relations conferences and $43,592 for corporate travel related to the conferences.

- Office and sundry fees totalled $76,269 (2009 - $40,800), including $63,415 (2009 - $3,007) paid to a company controlled by directors and officers of the Company.

The above expenses represented approximately 84% (2009 - 84%) of total operating expenses prior to stock-based compensation.

For the Three Months ended June 30, 2010

Net loss for the period ended June 30, 2010 was $648,263 or $0.01 per share including stock based compensation expense of $595,698 (2009 - $168,389 or $0.00 per share including stock-based compensation expense of $19,752). Aside from stock-based compensation, the largest areas of expenditure during this period were salaries and consulting fees, professional fees, office and sundry and travel and conference fees.

- Salaries and consulting fees totalled $93,748 (2009 - $52,854), including $16,800 (2009 - $32,000) paid the Company's President and CEO and $9,000 (2009 - $9,000) paid to the Company's Chairman.

- Professional fees totalled $29,552 (2009 - $22,941), including $7,500 (2009 - $15,000) paid to the Company's corporate secretary, $8,549 (2009 - $5,400) paid for the company's ongoing accounting services, and $4,807 (2009 - $2,541) paid for ongoing legal services.

- Office and sundry expenses fees totalled $42,387 (2009 - $13,155), including $34,981 (2009 - $nil) paid to a company controlled by directors and officers of the Company.

- Travel and conference fees totalled $33,449 (2009 - $22,542), including $9,900 paid for the company's attendance at investor relations conferences and $23,549 for corporate travel related to the conferences.

The above expenses represented approximately 90% (2009 - 76%) 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.

	June 30, 2010	Mar. 31, 2010	Dec. 31, 2009	Sept. 30, 2009	June 30, 2009	Mar. 31, 2009	Dec. 31, 2008	Sept. 30, 2008
Revenues	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Interest and other income	$228	$12	$18	$8	Ni	$60	$1,103	$125,852
Net loss	$(817,818)	$(151,214)	$(94,754)	$(11,941)	$(168,389)	$(194,469)	$(182,552)	$(197,602)
Basic and diluted loss per share	$(0.01)	$(0.00)	$(0.00)	$(0.00)	$(0.00)	$(0.01)	$(0.01)	$(0.01)
Total assets	$10,182,711	$8,190,905	$5,181,219	$5,412,396	$4,925,997	$3,483,455	$3,623,624	$3,987,088
Shareholders' equity	$9,324,124	$7,422,261	$4,890,240	$4,971,353	$4,892,512	$3,432,173	$3,606,891	$3,813,775
Share capital	$8,948,063	$6,910,827	$5,017,771	$5,017,771	$5,059,532	$3,662,752	$3,662,752	$3,600,252
Contributed Surplus	$2,285,966	$1,773,074	$982,897	$969,256	$880,595	$668,647	$648,896	$635,728
Deficit	$1,909,905	$1,261,640	$1,110,428	$1,015,674	$1,027,615	$859,226	$664,757	$482,205
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 June 30, 2010, the Company had working capital of $2,575,981 (September 30, 2009 - $1,143,868).

Cash and cash equivalents totalled $2,607,655 (September 30, 2009 - $1,170,942) as at June 30, 2010

During the nine months ended June 30, 2010, the Company spent a total of $2,974,983 (2009 - $278,889) on the Company's resource properties, spent $80,229 (2009 - $428,450) on the operating activities of the company, and received $4,505,647 (2009 - $1,511,476) from the issuance of shares via private placement and from the exercise of warrants and stock options.

At June 30, 2010, the Company's investment in resource properties, aggregated $7,119,355 (September 30, 2009 - $4,054,372), made up of the following:

	Acquisition Costs	Exploration Costs	**Cumulative as at June 30, 2010**	Cumulative as at September 30, 2009
Angilak, Nunavut	$ 567,609	$ 6,551,746	**$ 7,119,355**	$ 4,054,372

At June 30, 2010, share capital totalled $8,948,063 comprised of 60,956,369 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 $894,231 (September 30, 2009 - $533,469) the deficit at June 30, 2010 was $1,909,905 (September 30, 2009 - $1,015,674). With contributed surplus of $2,285,966 (September 30, 2009 - $969,256), and other comprehensive income of $Nil (September 30, 2009 - $Nil), the shareholders' equity at June 30, 2010 was $9,324,124 (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

The Company began preparing for an aggressive 2010 exploration program at Angilak after receiving very encouraging results from the 2009 drill program in October 2009. Construction of a fully winterized year–round field camp was completed in April, with fuel being mobilized to site to support a two phase, nine month drill program commencing in May. Up to 10,000 metres drilling is planned at Lac Cinquante starting with one on-site rig in spring and mobilizing a second rig to drill throughout the summer months. Drilling will target historic Lac Cinquante resource dimensions, the known mineralized envelope plus priority targets along the Lac Cinquante trend. The Company also plans to continue surface exploration into September on the remainder of the 225,000 acre Angilak property. The summer program will consist of prospecting the numerous uranium occurrences found property-wide, sampling and drill target identification.

The fourth quarter of 2010 will be dedicated to technical and engineering analysis, with a goal of establishing a NI 43-101 compliant mineral resource by early 2011.

Angilak Property, Nunavut

In June 2010, the Company released final assays for Phase 1 of the 2010 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. Hole 10-LC-003 had the widest and highest grade drill intercept to date, assaying 0.70% U3O8 over 13.98 metres (estimated true width of 7.69 metres), including 1.22 metres at 4.68% U3O8. In addition, step out hole 10-LC-013 identified a new zone 500 metres west of the deposit, assaying 0.21% U3O8 over 1.96 metres.

Phase 1 Drilling Highlights*

- **Drill Hole 10-LC-003 - 13.98 metres grading 0.70% U3O8**
  including - 1.22 metres grading 4.68% U3O8
- **Drill Hole 10-LC-005 - 2.11 metres grading 2.06% U3O8**
- **Drill Hole 10-LC-011 - 2.78 metres grading 0.84% U3O8**
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- **Drill Hole 10-LC-006 - 0.50 metres grading 2.90% U3O8**
  *Down-hole intercepts

Phase 1 Overview

The Lac Cinquante "main zone" is a vein-type, unconformity related uranium deposit occurring within a near vertical alteration/structural zone, over a strike length of one kilometre and extending from surface to a depth of 250 metres. All Phase 1 holes were inclined to the northeast and intersected the Lac Cinquante main zone between 65 and 230 metres depth. To determine geological controls, holes 10-LC-001 through 10-LC-009 focused on 25 metre infill drilling within the eastern portion of the historic resource area. Holes 10-LC-010 through 10-LC-012 were drilled at the western end of the historic resource, along a fence 50 metres west and down plunge of uranium mineralization encountered in holes 09-LC-012 and 09-LC-013 drilled last year.

Step-out hole 10-LC-013 was collared 650 metres west of 10-LC-012. This hole tested a geophysical response along trend and has identified a new zone of Lac Cinquante-style mineralization, approximately 500 metres west of the known historic resource area.

Assay results for 10 of the 13 Phase 1 drill holes, totalling 2,375 metres, are presented in the Table 1 below. These are best reviewed with the accompanying drill collar information, plan map and drill sections posted at: www.kivalliqenergy.com

Table 1: 2010 Assay Results – Lac Cinquante Drill Program

2010 Phase 1 Lac Cinquante Drilling Program - Final Results*					
Drill Hole	**From (m)**	**To (m)**	**Interval (m)****	**U3O8 %**	**Description**
10-LC-002	118.26	118.56	0.30	0.21	East LC Main Zone
10-LC_003	134.52	148.50	13.98	0.70	East LC Main Zone
including	139.78	141.00	1.22	4.68	East LC Main Zone
10-LC-004	164.83	165.20	0.37	0.44	East LC Main Zone
	180.22	180.52	0.30	0.16	East LC Main Zone
10-LC-005	180.27	182.38	2.11	2.06	East LC Main Zone
10-LC-006	207.72	208.22	0.50	2.90	East LC Main Zone
10-LC-007	169.66	170.68	1.02	2.68	East LC Main Zone
10-LC-009	242.30	242.60	0.30	0.42	East LC Main Zone
10-LC-011	170.35	173.23	2.88	0.82	West LC Main Zone
10-LC-012	153.00	153.37	0.37	0.90	West LC Main Zone
10-LC-013	104.94	106.90	1.96	0.21	Step out 500m West LC
* All samples subject to ICP 1 Analysis by SRC in Saskatoon, SK. ICP1 results >1000 ppm uranium subject to SRC U3O8 Assay					
Full intervals include ICP U analysis in ppm converted to U3O8%. Conversion to U3O8% = ppm x 0.01179%					
** Drilled interval - true widths are not known. Estimated true widths for the mineralized zones are approximately 76% of the drilled interval widths reported, with the exception of hole 10-LC-003 which is estimated at 55% drilled interval					

For the three holes not reported herein: 10-LC-001, 10-LC-008 and 10-LC-010 intersected the Lac Cinquante altered tuff host unit, but with no elevated uranium.

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 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.

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 August 19, 2010, the following common shares, options and share purchase warrants were outstanding:

	# of Shares	Exercise Price	Expiry Date
Issued and Outstanding Common Shares at August 19, 2010	83,091,369		
Share Purchase Warrants	6,705,000	$0.35	February 22, 2012
	1,250,000	$0.45	December 15, 2011
	97,500	$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
Employee Stock Options	577,200	$0.25	January 17, 2011
	20,000	$0.25	April 7, 2011
	156,000	$0.25	July 21, 2011
	40,000	$0.25	December 7, 2011
	96,000	$0.36	April 2, 2012
	48,000	$0.36	June 18, 2012
	2,615,000	$0.15	November 12, 2013
	150,000	$0.25	August 11, 2014
	715,000	$0.30	January 29, 2015
	1,315,000	$0.45	April 22, 2015
Fully Diluted at August 19, 2010	97,208,569		

[1] exercisable at $0.35 to August 20, 2010 and $0.65 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 $26,131 (2009 - $1,591), travel and conference charges of $27,150 (2009 - $9,000) and office and sundry charges of $63,415 (2009 - $3,077) to companies controlled by directors and officers of the Company.

During the period the Company paid $55,800 (2009 - $28,000) in consulting fees to directors and officers.

At June 30, 2010 $nil (September 30, 2009 - $28,916) was due from Kaminak.

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 June 30, 2010, 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:

	June 30, 2010	September 30, 2009
Held-for-trading	**$ 2,607,655**	**$ 1,170,942**
Receivables	**$ 231,115**	**$ 124,834**
Other financial liabilities	**$ 436,002**	**$ 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 June 30, 2010, the Company had a cash balance of $2,607,655 (September 30, 2009 - $1,170,942) to settle current liabilities of $436,002 (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 June 30, 2010, 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, GST receivable, receivables, due from 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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/s/ "Charles Chebry"
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Chief Financial Officer