



ANNUAL REPORT 2017

Inuit Land Use Licence Number: KVL308C09

INAC Land Use Permit Number: N2012C0030

Nunavut Impact Review Board File Number: 08EN052



Submitted to: KIA, INAC, NIRB

Prepared by: Andrew Berry, Chief Operating Officer

Kivalliq Energy Corporation

January 30, 2018

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CORPORATE BACKGROUND AND GENERAL INFORMATION

Kivalliq Energy Corporation (Kivalliq Energy) is a Vancouver-based uranium exploration company with Canada's highest-grade uranium resource outside of Saskatchewan's Athabasca Basin. The company has been operating in Nunavut since 2008. Its flagship project is the Angilak Property (Angilak).

Kivalliq Energy was the first company in Canada to sign a comprehensive agreement with Nunavut Tunngavik Inc. (NTI) to explore on Inuit Owned Land (IOL) for uranium. As part of this landmark partnership, Kivalliq Energy must meet certain expenditure and corporate commitments. Upon a production decision at the Angilak Property NTI can elect to have a 25% participating interest in the project, or collect a 7.5% Net Profits Royalty. The agreement not only applies to IOL RI-30, but also, extends to 91 Crown issued mineral claims. The Angilak Property totals 89,852 hectares (222,029.1 acres).

Kivalliq Energy was formed to advance the Angilak Property and other uranium opportunities in Nunavut. Management has extensive background working in Canada's north. Jim Paterson is Chairman and Chief Executive Officer, Jeff Ward serves as President and Andrew Berry is Chief Operating Officer. The group is committed to the social and economic development of the north while maintaining a level of excellence in minimizing environmental impacts. Kivalliq Energy is proud to have been presented in both 2011 and 2012 with the Environmental Excellence Award from the Kivalliq Inuit Association for outstanding environmental stewardship at Kivalliq Energy's Angilak Property.

Since 1979, the property and surrounding area has been called various names (i.e. LGT, Yathkyed, Lac Cinquante) however, Kivalliq Energy collectively refers to all land holdings as the "Angilak Property". The Angilak property hosts the high-grade Lac 50 (Lac Cinquante) uranium resource and more than 150 mineral showings.

From 2007 to 2013, Kivalliq Energy evaluated the Lac 50 trend uranium deposits through a series of exploration programs that included approximately 89,600 metres of diamond drilling and reverse circulation drilling. During that time the company delineated the Lac 50 Main Zone, Western Extension, Eastern Extension, J4 Zone and Ray Zone uranium deposits. On January 15, 2013 the company released an NI 43-101 inferred mineral resource estimate for the Lac 50 trend deposits of 43.3 million pounds U_3O_8 in 2,831,000 tonnes grading 0.69% U_3O_8 (at 0.2% U_3O_8 cut-off). Smaller programs since 2013 have focused on acquiring additional property-wide geotechnical data, plus a modest 2015 drill program 25 kilometres southwest of Lac 50 at Dipole.

Kivalliq has also identified seven additional mineralized zones at Angilak through drilling that are not included in the resource estimate. The Blaze, Pulse, Spark, Forte, Southwest Extension, Hot, BIF and Dipole zones remain at an early stage of investigation. The geologic characteristics for the numerous uranium deposits within the Lac 50 trend are very similar. The deposit are basement hosted, vein-hydrothermal type. The emplacement of uranium is structurally controlled. Mineralization consists of disseminated and patchy pitchblende within fracture controlled brecciated, hematite-quartz-carbonate veins. The company is also evaluating the Angilak Property for other mineral occurrences, namely, gold, silver, copper and platinum group metals.

PROPERTY DESCRIPTION AND LOCATION

The Angilak Property consists of 91 active mineral claims and Inuit Owned Land Parcel RI-30 (IOL), comprising a total area of 89,852 hectares in the Kivalliq region of southern Nunavut Territory (**Appendix A**). The Property is located 350 kilometres west of Rankin Inlet and 225 kilometres southwest of Baker Lake (Figure 1). The property dimensions measure approximately 55 kilometres east-west by 35 kilometres north-south.

As indicated on Figure 2, all mineral claims and the IOL are contiguous and extend north, south, east and west between 6925000m N and 6965000m N and 4793000m E to 5330000m E, NAD83, Zone 14, NTS Map sheets 65 J/06, 65 J/07, 65 J/09, 65 J/10, 65 J/11 and 65 J/15 (latitudes 62° 27' North and 62°48' North and longitudes 98° 21' West and 99°24' West).

Land use permits enabling exploration work to be conducted on the property have been issued, renewed and amended by the Kivalliq Inuit Association (KIA) for parts of the property covering Inuit Owned Lands (IOL) and by Indigenous and Northern Affairs Canada (INAC) for Crown Lands. Kivalliq Energy also operates under the terms and conditions of a Nunavut Water Board (NWB) licence, covering activities on both IOL and Crown Lands. 2017 was the tenth year that Kivalliq Energy operated on the lands described in this report. See Table 1 for a list of active permits and licences issued for lands that comprise the Angilak Property.

Table 1: 2017 Land Use Permits and Licences

Issuing/Screening Agency	Date Issued	File Number
KIA	August 1, 2008	KVL308C09
NIRB	July 31, 2008	08EN052
INAC	August 7, 2013	N2012C0030
NWB	March 4, 2013	2BE-ANG1318

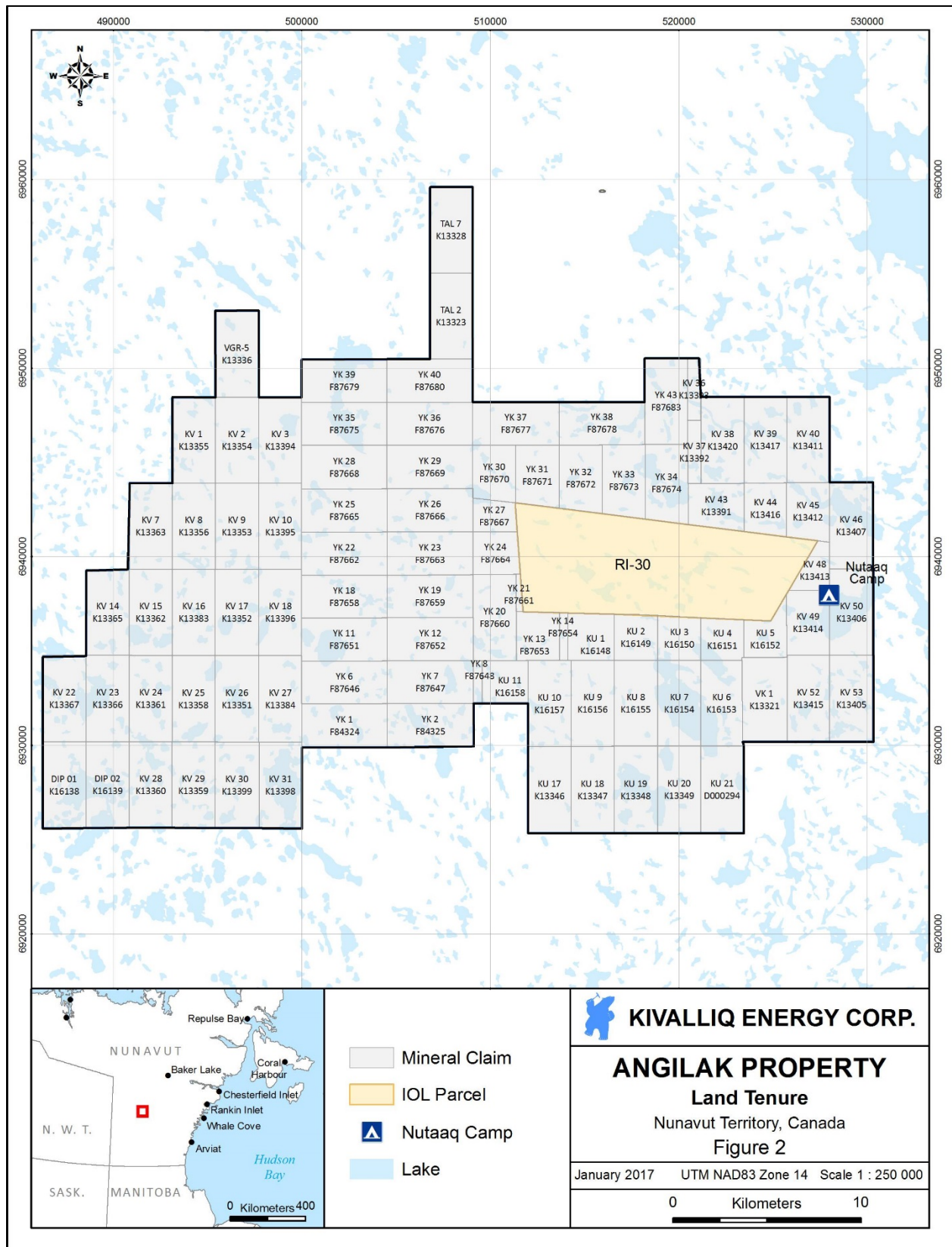


Figure 2: Angilak Property Land Tenure

2017 WORK COMPLETED

No exploration program was conducted at the Angilak Property in 2017. A property inspection was conducted on June 26, 2017 at which time a camp maintenance visit was deemed necessary. From July 15 to July 20, 2017 a three-man crew performed camp maintenance, serviced the camps fuel berms and dismantled the bear fence surrounding the camp compound.

Camp Infrastructure & Property Maintenance

The Nutaaq Camp was constructed in 2010 and expanded in 2011 and 2012 to accommodate larger exploration programs in those years. The camp was downsized in 2013 in response to a smaller exploration programs and included the removal of six Weatherport sleeper tents. No changes were made to Nutaaq Camp between 2014 and 2016. One tent was removed in 2017. The camp is located at 527975m E, 6937950m N, NAD 83 Z14 (62° 34' 18" N Lat. And 98° 27' 19" W Long.) and is situated on an elevated flat topped gravel deposit that is part of a large trunk esker traversing the property approximately two kilometres west of the camp. The site is adjacent to Nutaaq Lake, an east west trending 1.5 kilometre wide by 4.1 kilometre long lake that supplies the camp with potable water and accommodates ski equipped and float equipped aircraft. The lake is sufficient in length to establish an ice strip in winter to accommodate larger aircraft such as Boeing 737 and Lockheed C130's. Adjacent flat topped gravel deposits serve as an airstrip for wheeled light aircraft, helicopter landing sites, core racks and fuel storage.

In 2017 the camp comprised 20 individual structures; 1-14'x32' kitchen, 1-14'x16' kitchen overflow, 1-14'x32' wash tent, 1-14'x16' toilet shack, 1-14'x16' Level II First Aid facility, a 10'x12' generator shed, 1-14'x16' office, 1-14'x 32' core tent, 1-14'x32' core splitting tent, 1-30'x60' Sprung structure and 10-14'x16' vinyl Weatherport sleepers.

Camp infrastructure, core storage, fuel storage and the airstrip are located on crown mineral claims subject to INAC Land Use Permit N2012C0030. Temporary storage of drill cuttings and drill equipment staging areas are located on IOL Parcel RI-30, subject to KIA Land Use Licence KVL308C09.

On June 26, 2017 a two-man crew flew from Rankin Inlet in a Bell Long Ranger to conduct a property inspection and service the camp fuel berms. Upon arrival they discovered that a storm over the winter had moved one tent off its base and another had rolled over (Figure 3). At some time during the camp closure from late August 2016 to the June 26 visit, some caribou became caught in the solar-powered electric bear fence surrounding the camp compound. Three sets of antlers entangled in the fence were all that remained of the caribou. The fence was installed in 2012 at the recommendation of land use to prevent bears from entering the camp compound during the winter camp closure period. A caribou interaction with Nutaaq Camp report was sent to Conservation Officer Russel Toolooktook on June 28, 2017 and is attached in **Appendix B**.

During the June 26, 2017 visit, the crew installed new RainDrains on the fuel berms and inspected the fuel berms for any damages.



Figure 3: Nutaaq Camp upon arrival on June 26, 2017

A 3-man crew and helicopter was sent to site on July 15, 2017 to reposition the offset tents and to dismantle the bear fence. Kivalliq Energy dismantled and removed the electric bear fence to prevent further incidents with caribou. Camp maintenance included dismantling one of the damaged tents, moving the shifted tent back to its original location, fuel testing and general camp cleanup. All temporary buildings were inspected and sealed for the winter. The crew inspected all drill laydowns on crown lands and Inuit Owned Lands. The camp was winterized and closed on July 20, 2017. All Weatherport vinyl tents were left standing.



Figure 4: Nutaaq Camp after camp maintenance on July 20, 2017

Regulatory Inspections and Reporting

No regulatory inspections were conducted in 2017. Kivalliq Energy was notified by INAC inspectors that, because Kivalliq did not operate a 2017 work program from the camp, an inspection in 2017 would not be required.

FUEL INVENTORY

Kivalliq is permitted to cache 3000 drums of fuel on the Angilak Property. To accommodate this inventory the company has installed six 15' x 60' x 18" fuel containment berms manufactured by Raymac Industries (Raymac) in British Columbia. Each berm is equipped with a RainDrain hydrocarbon filter. All storage, fueling and staging areas are bermed (such as helicopter refueling stations and generator refueling stations) and have readily available emergency spill kits. Spill trays are located under all fuel drums behind tents and at drill sites. The first two Raymac fuel berms were installed at the beginning of the 2010 field season and four additional berms were installed in April of 2012. The fuel berms are located on a flat topped gravel deposit directly adjacent to, and northwest of the Nutaaq Camp. The site offers an ideal smooth, sand covered, flat surface with no hazardous rocks or vegetation to perforate the berm membrane. The berms are lined with Spilfyter RailMat, a 3 ply hydrocarbon absorbent fabric from Pygmalion Environmental. Lengths of dimensional lumber were laid down upon the RailMat liner in a manner to support 4 rows of fuel drums stored horizontally. Within the berms, drums are positioned with bungs at 3 o'clock and 9 o'clock in two rows of two, running the full 60' length of the berms so as the bungs and any leaks are visible for inspection at all times.

At the end of the 2016 program the Nutaaq Camp fuel cache contained 235 drums of diesel, 190 drums of jet fuel, 3 drums of gasoline and 14 propane cylinders. Approximately 500 empty drums remain on site to be removed by the Turbo Otter flights during future exploration programs. Very little fuel was used over the five day camp maintenance program. No fuel was brought in for the 2017 camp maintenance visit.



Figure 5: Nutaq Camp Fuel Berms - July 20, 2017

FLIGHT SUMMARY

Exploration at Angilak relies upon aircraft support. A Bell 206 Long Ranger helicopter contracted from Great Slave Helicopters out of Yellowknife, Northwest Territories, was used to mobilize and support Kivalliq Energy's 2017 camp maintenance visit. The Great Slave helicopter arrived in camp with the crew on July 15 and remained on site until closure on July 20, 2017. The helicopter flew a total of 20.0 hours. One Ookpik Aviation Ltd Turbo Otter flight assisted in the demobilization of crew and equipment on July 20, 2017. The Ookpik flight utilized a gravel airstrip located 1.5 kilometres west of the Nutaq Camp at 526450m E, 6938130m N, NAD 83 Z14 (62 34' 20" N Lat., 98 29' 10" W Long.)

APPENDIX A

2017 LAND TENURE

Record Number	Claim Name	Record Date	Anniversary Date	Hectares	Acres	Owner
K16138	DIP 01	08-Nov-12	08-Nov-22	1045.1	2582.5	Kivalliq
K16139	DIP 02	08-Nov-12	08-Nov-22	1045.1	2582.5	Kivalliq
K16148	KU 01	08-Nov-12	08-Nov-22	599.74	1482	Kivalliq
K16149	KU 02	08-Nov-12	08-Nov-22	553.21	1367	Kivalliq
K16150	KU 03	08-Nov-12	08-Nov-21	529.33	1308	Kivalliq
K16151	KU 04	08-Nov-12	08-Nov-21	503.02	1243	Kivalliq
K16152	KU 05	08-Nov-12	08-Nov-22	511.12	1263	Kivalliq
K16153	KU 06	08-Nov-12	08-Nov-20	1045.1	2582.5	Kivalliq
K16154	KU 07	08-Nov-12	08-Nov-20	1045.1	2582.5	Kivalliq
K16155	KU 08	08-Nov-12	08-Nov-20	1045.1	2582.5	Kivalliq
K16156	KU 09	08-Nov-12	08-Nov-22	1045.1	2582.5	Kivalliq
K16157	KU 10	08-Nov-12	08-Nov-22	1045.1	2582.5	Kivalliq
K16158	KU 11	08-Nov-12	08-Nov-22	550.78	1361	Kivalliq
K13346	KU 17	08-Nov-12	08-Nov-22	1045.1	2582.5	Kivalliq
K13347	KU 18	08-Nov-12	08-Nov-20	1045.1	2582.5	Kivalliq
K13348	KU 19	08-Nov-12	08-Nov-21	1045.1	2582.5	Kivalliq
K13349	KU 20	08-Nov-12	08-Nov-20	1045.1	2582.5	Kivalliq
D000294	KU 21	08-Nov-12	08-Nov-21	1045.1	2582.5	Kivalliq
K13355	KV 01	26-Oct-09	26-Oct-19	1045.1	2582.5	Kivalliq
K13354	KV 02	26-Oct-09	26-Oct-19	1045.1	2582.5	Kivalliq
K13394	KV 03	26-Oct-09	26-Oct-19	1045.1	2582.5	Kivalliq
K13363	KV 07	26-Oct-09	26-Oct-19	1045.1	2582.5	Kivalliq
K13356	KV 08	26-Oct-09	26-Oct-19	1045.1	2582.5	Kivalliq
K13353	KV 09	26-Oct-09	26-Oct-19	1045.1	2582.5	Kivalliq
K13395	KV 10	26-Oct-09	26-Oct-19	1045.1	2582.5	Kivalliq
K13365	KV 14	26-Oct-09	26-Oct-19	1045.1	2582.5	Kivalliq
K13362	KV 15	26-Oct-09	26-Oct-19	1045.1	2582.5	Kivalliq
K13383	KV 16	3-Sep-15	03-Sep-25	1045.1	2582.5	Kivalliq
K13352	KV 17	26-Oct-09	26-Oct-19	1045.1	2582.5	Kivalliq
K13396	KV 18	26-Oct-09	26-Oct-19	1045.1	2582.5	Kivalliq
K13367	KV 22	26-Oct-09	26-Oct-19	1045.1	2582.5	Kivalliq
K13366	KV 23	26-Oct-09	26-Oct-19	1045.1	2582.5	Kivalliq
K13361	KV 24	26-Oct-09	26-Oct-19	1045.1	2582.5	Kivalliq
K13358	KV 25	26-Oct-09	26-Oct-19	1045.1	2582.5	Kivalliq
K13351	KV 26	26-Oct-09	26-Oct-19	1045.1	2582.5	Kivalliq
K13384	KV 27	3-Sep-15	3-Sep-25	1045.1	2582.5	Kivalliq
K13360	KV 28	26-Oct-09	26-Oct-19	1045.1	2582.5	Kivalliq
K13359	KV 29	26-Oct-09	26-Oct-19	1045.1	2582.5	Kivalliq
K13399	KV 30	26-Oct-09	26-Oct-19	1045.1	2582.5	Kivalliq
K13398	KV 31	26-Oct-09	26-Oct-19	1045.1	2582.5	Kivalliq
K13393	KV 36	26-Oct-09	26-Oct-19	244.9	605.15	Kivalliq
K13392	KV 37	26-Oct-09	26-Oct-19	233.65	577.35	Kivalliq
K13420	KV 38	26-Oct-09	26-Oct-19	1045.1	2582.5	Kivalliq

Record Number	Claim Name	Record Date	Anniversary Date	Hectares	Acres	Owner
K13417	KV 39	26-Oct-09	26-Oct-19	1045.1	2582.5	Kivalliq
K13411	KV 40	26-Oct-09	26-Oct-18	1045.1	2582.5	Kivalliq
K13391	KV 43	26-Oct-09	26-Oct-19	671.04	1658.18	Kivalliq
K13416	KV 44	26-Oct-09	26-Oct-18	594.16	1468.2	Kivalliq
K13412	KV 45	26-Oct-09	26-Oct-19	666.93	1648.07	Kivalliq
K13407	KV 46	26-Oct-09	26-Oct-18	1045.1	2582.5	Kivalliq
K13413	KV 48	26-Oct-09	26-Oct-19	408.06	1008.35	Kivalliq
K13414	KV 49	26-Oct-09	26-Oct-19	776.41	1918.54	Kivalliq
K13406	KV 50	26-Oct-09	26-Oct-18	1045.1	2582.5	Kivalliq
K13415	KV 52	26-Oct-09	26-Oct-19	1045.1	2582.5	Kivalliq
K13405	KV 53	26-Oct-09	26-Oct-16	1045.1	2582.5	Kivalliq
IOL	RI-30	01-Apr-07	01-Apr-19	7386	18251.18	Kivalliq
K13323	TAL 2	01-Nov-11	01-Nov-19	1029.52	2544	Kivalliq
K13328	TAL 7	01-Nov-11	01-Nov-19	1027.5	2539	Kivalliq
K13336	VGR 05	18-May-12	18-May-22	1045.1	2582.5	Kivalliq
K13321	VK 01	13-Sep-11	13-Sep-21	1040.85	2572	Kivalliq
F84324	YK 01	07-Mar-07	07-Mar-17	1045.1	2582.5	Kivalliq
F84325	YK 02	07-Mar-07	07-Mar-17	1045.1	2582.5	Kivalliq
F87646	YK 06	07-Mar-07	07-Mar-17	1045.1	2582.5	Kivalliq
F87647	YK 07	07-Mar-07	07-Mar-17	1045.1	2582.5	Kivalliq
F87648	YK 08	07-Mar-07	07-Mar-17	103.75	256.37	Kivalliq
F87651	YK 11	07-Mar-07	07-Mar-17	1045.1	2582.5	Kivalliq
F87652	YK 12	07-Mar-07	07-Mar-17	1045.1	2582.5	Kivalliq
F87653	YK 13	07-Mar-07	07-Mar-17	623.98	1541.88	Kivalliq
F87654	YK 14	07-Mar-07	07-Mar-17	124.66	308.04	Kivalliq
F87658	YK 18	07-Mar-07	07-Mar-17	1045.1	2582.5	Kivalliq
F87659	YK 19	07-Mar-07	07-Mar-17	1045.1	2582.5	Kivalliq
F87660	YK 20	07-Mar-07	07-Mar-17	1045.1	2582.5	Kivalliq
F87661	YK 21	07-Mar-07	07-Mar-17	49.5	122.31	Kivalliq
F87662	YK 22	07-Mar-07	07-Mar-17	1045.1	2582.5	Kivalliq
F87663	YK 23	07-Mar-07	07-Mar-17	1045.1	2582.5	Kivalliq
F87664	YK 24	07-Mar-07	07-Mar-17	555.31	1372.19	Kivalliq
F87665	YK 25	07-Mar-07	07-Mar-17	1045.1	2582.5	Kivalliq
F87666	YK 26	07-Mar-07	07-Mar-17	1045.1	2582.5	Kivalliq
F87667	YK 27	07-Mar-07	07-Mar-17	409.49	1011.86	Kivalliq
F87668	YK 28	07-Mar-07	07-Mar-17	1045.1	2582.5	Kivalliq
F87669	YK 29	07-Mar-07	07-Mar-17	1045.1	2582.5	Kivalliq
F87670	YK 30	07-Mar-07	07-Mar-17	629.73	1556.09	Kivalliq
F87671	YK 31	07-Mar-07	07-Mar-17	669.8	1655.11	Kivalliq
F87672	YK 32	07-Mar-07	07-Mar-17	749.95	1853.16	Kivalliq
F87673	YK 33	07-Mar-07	07-Mar-17	824.37	2037.06	Kivalliq
F87674	YK 34	07-Mar-07	07-Mar-17	898.79	2220.97	Kivalliq
F87675	YK 35	07-Mar-07	07-Mar-17	1045.1	2582.5	Kivalliq

Record Number	Claim Name	Record Date	Anniversary Date	Hectares	Acres	Owner
F87676	YK 36	07-Mar-07	07-Mar-17	1045.1	2582.5	Kivalliq
F87677	YK 37	07-Mar-07	07-Mar-17	1045.1	2582.5	Kivalliq
F87678	YK 38	07-Mar-07	07-Mar-17	1045.1	2582.5	Kivalliq
F87679	YK 39	07-Mar-07	07-Mar-17	1045.1	2582.5	Kivalliq
F87680	YK 40	07-Mar-07	07-Mar-17	1045.1	2582.5	Kivalliq
F87683	YK 43	07-Mar-07	07-Mar-17	1045.1	2582.5	Kivalliq
TOTAL	91 claims			89,851.95	222,029.06	

APPENDIX B

Carbiou Interaction with Nutaaq Camp to Russell Toolooktook

June 28, 2017



June 28, 2017

Russell Toolooktook
Conservation Officer,
Government of Nunavut
Baker Lake NU
XOC OAO

Dear Mr. Toolooktook,

**RE: ANGILAK PROPERTY, Caribou Interaction with Nutaaq Camp
INAC Land Use Permit N2012C0030, Inuit Land Use License: KVL308C09**

On June 26, 2017, as part of our annual property maintenance Kivalliq Energy Corporation had workers at the Nutaaq field camp on the Angilak Property, 225 km south west of Baker Lake. At some time during the camp closure from late August 2016 to the June 26 visit, some caribou became caught in the solar-powered electric bear fence surrounding the camp compound. Three sets of antlers entangled in the fence are all that remains of the caribou. The fence was installed in 2012 at the recommendation of land use to prevent bears from entering the camp compound during the winter camp closure period.

Nutaaq Camp Coordinates: 62° 34' 18" North Latitude, 98° 27' 19" West Longitude

Kivalliq will not be operating an exploration program on the Angilak Property during 2017. Kivalliq will have a maintenance crew in the Nutaaq camp on or about July 15 to July 20. During that time the electric bear fence will be dismantled and removed to prevent further incidents with caribou.

If you have any questions, or require additional information, please do not hesitate to contact me at (604) 765-1892, or by email at andrewb@kivalliqenergy.com

Regards,

Andrew Berry
Chief Operating Officer
Kivalliq Energy Corporation