KIVALLIQ ENERGY CORPORATION

FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED JUNE 30, 2009 AND 2008

Unaudited – Prepared by Management

Canadian Dollars

Notice of Non-review of Interim Financial Statements

The attached interim consolidated financial statements for the nine month period ended June 30, 2009 have been prepared by and are the responsibility of the Company's management and have been approved by the Board of Directors of the Company. The Company's independent auditor has not performed a review of these interim financial statements.

Kivalliq Energy Corporation
(An Exploration Stage Company)
Balance Sheets

Unaudited – Prepared by Management
Canadian Dollars

ASSETS		**As at June 30, 2009**		As at September 30, 2008
Current				
Cash	**$**	1,733,735	$	936,350
Marketable securities *(Note 5)*		100,000		180,000
GST receivable		39,594		130,783
Prepaid expenses		146,913		171,322
		2,020,242		1,418,455
Equipment *(Note 6)*		52,183		54,342
Resource Property Costs *(Note 7) – Schedule*		2,853,572		2,514,291
	$	4,925,997	**$**	3,987,088
LIABILITIES				
Current				
Accounts payable and accrued liabilities	**$**	33,485	**$**	173,313
SHAREHOLDERS' EQUITY				
Share Capital *(Note 8)*		5,059,532		3,600,252
Contributed Surplus *(Note 9)*		880,595		635,728
Accumulated Other Comprehensive Income		(20,000)		60,000
Deficit		(1,027,615)		(482,205)
		4,892,512		3,813,775
	$	4,925,997	**$**	3,987,088

Nature of Operations (Note 1)

ON BEHALF OF THE BOARD:

"John Robins", President & CEO, Director

"James Paterson", Director

– See Accompanying Notes –

Kivalliq Energy Corporation

(An Exploration Stage Company)

Statements of Loss and Deficit and Comprehensive Loss

Unaudited – Prepared by Management
Canadian Dollars

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. These financial statements 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.

	For the Three Months Ended June 30, 2009	For the Three Months Ended June 30, 2008	**For the Nine Months Ended June 30, 2009**	For the Nine Months Ended June 30, 2008
Expenses				
Amortization	**$ 3,184**	$ 9,057	**$ 8,911**	$ 9,130
Bank charges and interest	**270**	528	**388**	3,286
Consulting fees and salaries	**52,854**	37,000	**231,424**	57,063
Investor relations	**17,777**	11,875	**36,153**	19,205
Listing and filing fees	**12,109**	-	**21,217**	1,163
Office and sundry	**13,155**	2,646	**40,800**	3,713
Professional fees	**22,941**	-	**79,631**	8,052
Rent	**-**	-	**-**	1,262
Stock-based compensation	**19,752**	-	**52,671**	7,027
Transfer agent fees	**1,916**	355	**12,045**	355
Travel and conference	**22,542**	3,913	**48,742**	9,020
Loss Before The Undernoted	**(166,500)**	(65,374)	**(531,982)**	(119,276)
Other Income And Expenses				
Foreign exchange loss	**(1,889)**	-	**(14,591)**	-
Interest	**-**	3,722	**1,163**	3,722
	(1,889)	3,722	**(13,428)**	3,722
Net Loss For The Period	**(168,389)**	(61,652)	**(545,410)**	(115,554)
Deficit – Beginning of Period	**(859,226)**	(222,951)	**(482,205)**	(169,049)
Deficit - End of Period	**$ (1,027,615)**	$ (284,603)	**$ (1,027,615)**	$ (284,603)

Net Loss For The Period	**$ (168,389)**	$ (61,652)	**$ (545,410)**	$ (115,554)
Changes in fair value of investments	**20,000**	-	**(80,000)**	-
Total Comprehensive Loss	**$ (148,389)**	$ (61,652)	**$ (625,410)**	$ (115,554)
Basic and Diluted Loss per Share	**$ (0.00)**	(0.01)	**$ (0.02)**	(0.03)
Weighted Average Number of Shares Outstanding	**34,427,989**	4,870,929	**32,106,595**	4,136,891

Kivalliq Energy Corporation

(An Exploration Stage Company)

Statement of Cash Flows

Unaudited – Prepared by Management
Canadian Dollars

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. These financial statements 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.

	For the Three Months Ended June 30, 2009	For the Three Months Ended June 30, 2008	**For the Nine Months Ended June 30, 2009**	For the Nine Months Ended June 30, 2008
Cash Flows from Operating Activities				
Net loss for the Period	**$ (168,389)**	$ (61,652)	**$ (545,410)**	$ (115,554)
Items not affected by cash:				
Stock-based compensation	**19,752**	-	**52,671**	-
Expenses settled for shares	**-**	-	**62,500**	-
Amortization	**3,184**	9,057	**8,911**	9,057
Change in non-cash working capital:				
GST receivable	**(5,885)**	(31,494)	**91,189**	(31,494)
Prepaid expenses	**20,000**	-	**24,409**	-
Accounts payable and accrued liabilities	**(9,393)**	158,126	**(122,720)**	158,126
	(140,731)	74,037	**(428,450)**	20,135
Cash Flows from Investing Activities				
Resource property costs	**(193,921)**	(795,884)	**(278,889)**	(795,884)
Equipment	**(2,847)**	(60,380)	**(6,752)**	(60,380)
	(196,768)	(856,264)	**(285,641)**	(856,264)
Cash Flows from Financing Activities				
Special warrant subscriptions received	**-**	1,600,000	**-**	1,600,000
Issuance of share capital, net	**1,511,476**	1,440,000	**1,511,476**	1,440,000
Funding from Kaminak Gold Corporation	**-**	-	**-**	53,902
	1,511,476	3,040,000	**1,511,476**	3,093,902
Net Increase in Cash	**1,173,977**	2,257,773	**797,385**	2,257,773
Cash - Beginning of Period	**559,758**	-	**936,350**	-
Cash - End of Period	**$ 1,733,735**	$ 2,257,773	**$ 1,733,735**	$ 2,257,773
Supplemental Schedule of Non-Cash Investing and Financing Activities				
Accounts payables included in resource property costs	**$** 2,688	$ 1,027,851	**$** 2,688	$ 1,027,851
Issuance of shares for property acquisition (Note 7)	**$** 77,500	$ -	**$** 77,500	$ 176,536
Issuance of warrant for property acquisition (Note 7)	**$** -	$ -	**$** -	$ 134,885
Shares issued for consulting fees	**$** -	$ -	**$** 62,500	$ -
Cash paid during the Period for interest	**$** -	$ -	**$** -	$ -
Cash paid during the Period for income taxes	**$** -	$ -	**$** -	$ -

Kivalliq Energy Corporation

<u>Schedule</u>

(An Exploration Stage Company)

Schedule of Resource Property Costs

Unaudited – Prepared by Management
Canadian Dollars

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. These financial statements 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.

	For the Nine Months Ended June, 2009			For the Year Ended September 30, 2008
	Acquisition Costs	Deferred Exploration Costs	**Total**	
Mineral Interests				
Angilak, Nunavut				
Acquisition costs – cash	$ -	$ -	**$ -**	**$ 42,500**
Acquisition costs – shares and warrants	77,500	-	**77,500**	**27,002**
Claim maintenance	50,010	-	**50,000**	**35,333**
Recording and staking	22,561	-	**22,561**	**23,401**
Airborne Geophysics	-	25,420	**25,420**	**-**
Assays	-	-	**-**	**541**
Field and supplies	-	82,488	**82,488**	**1,423,604**
Geological consulting	-	62,602	**62,608**	**302,024**
Travel and accommodation	-	18,318	**18,318**	**430,646**
	150,071	188,828	**338,899**	**2,285,051**
Baker Lake, Nunavut				
Claim maintenance	-	-	**-**	**137**
Geological consulting	-	101	**101**	**370**
Option receipt – shares	-	-	**-**	**(507)**
	-	101	**101**	**-**
Washburn, Nunavut				
Recording and staking	75	-	**75**	**-**
Claim maintenance	-	-	**-**	**34**
Geological consulting	-	206	**206**	**180**
	75	206	**281**	**214**
Resource Property Costs for the Period	150,146	189,135	**339,281**	**2,285,265**
Balance, Beginning of the Period	265,405	2,248,886	**2,514,291**	**229,026**
Balance, End of the Period	$ 415,551	$ 2,438,021	**$ 2,853,572**	**$ 2,514,291**

1. Nature of Operations

Kivalliq Energy Corporation ("Kivalliq" or "the Company") 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". The Company is an exploration stage company focusing on the acquisition, exploration and development of resource properties.

2. Spin Out Transaction

In February 2008, Kaminak completed a transfer of its Uranium properties to Kivalliq in exchange for 3,646,752 units of Kivalliq ("Spin Out"). In addition, in July 2008, Kivalliq issued an additional 14,587,009 units to Kaminak. Each unit consisted of one common share and one half of one share purchase warrant which allowed the holder to purchase one additional common share of Kivalliq at a price of $0.25 per share, exercisable for a period of 30 days from the date Kivalliq's shares were approved for trading on the TSX Venture Exchange ("TSX:V") (the shares were approved for trading on July 4, 2008 and on July 28, 2008, the expiration date on the warrants was extended from August 4, 2008 to September 4, 2008). Kaminak then distributed 80% of these to the existing Kaminak shareholders pursuant to a corporate restructuring transaction ("Plan of Arrangement"). This resulted in each shareholder of Kaminak receiving 0.4 of a common share in Kivalliq and one quarter of one share purchase warrant for each outstanding common share of Kaminak held.

As part of the property transaction with Nunavut Tunngavik Inc. ("NTI"), (Note 7), the Company agreed to issue to NTI 5% of the total number of warrants issued on the spin out, a total of 479,836.

The Company also completed a non-brokered private placement of 6,400,000 Special Warrants, convertible to common shares of the Company upon Kivalliq obtaining its listing on the TSX:V, at a price of $0.25 per Special Warrant for gross proceeds of $1,600,000 in June 2008. These Special Warrants were converted to Kivalliq common shares on July 4, 2008, once the Company had obtained its approval for listing on the TSX:V.

The carrying value of the assets and liabilities transferred pursuant to the Plan of Arrangement was as follows:

	February 26, 2008
Resource property costs	$ 311,421

Shareholders' equity has been recorded as follows:	February 26, 2008
Share Capital	$ 176,536
Contributed Surplus	357,836
Deficit	(222,951)
	$ 311,421

2. Spin Out Transaction – *Continued*

The Company's September 30, 2008 balance sheet includes the historic values that were transferred from Kaminak in February 2008. The Company's Statement of Loss and Deficit for the Period ended June 30, 2008 is the result of a "carve-out" of an allocation of Kaminak's expenses for those Periods. The allocation of Kaminak's general and administrative expenses was calculated on the basis of the ratio of costs deferred by Kaminak on the uranium mineral properties in each Period presented as compared to the costs deferred on all mineral properties in each of these Periods.

3. Significant Accounting Policies

These interim financial statements have been prepared in accordance with Canadian Generally Accepted Accounting Principles and follow the same accounting policies and methods of their application as the most recent annual financial statements. These interim financial statements do not include all disclosures required by Canadian Generally Accepted Accounting Principles for annual financial statements and accordingly, the interim financial statements should be read in conjunction with the audited financial statements and notes thereto of the Company as at September 30, 2008. In addition, the Company has adopted the following CICA guideline effective October 1, 2008:

Goodwill and Intangible Assets

In February 2008, the AcSB issued Handbook Section 3064, "Goodwill and Intangible Assets", which will replace Section 3062, "Goodwill and Intangible Assets" and amended Section 1000, "Financial Statement Concepts" clarifying the criteria for the recognition of assets, intangible assets and internally developed intangible assets. Items that no longer meet the definition of an asset are no longer recognized with assets. The new standard also provides guidance for the treatment of preproduction and start-up costs and requires that these costs be expensed as incurred.

4. Future Accounting and Reporting Changes

a) International Financial Reporting Standards ("IFRS")

In 2006, the Canadian Accounting Standards Board ("AcSB") published a new strategic plan that will significantly affect financial reporting requirements for Canadian companies. The AcSB strategic plan outlines the convergence of Canadian GAAP with IFRS over an expected five year transitional period. In February 2008 the AcSB announced that 2011 is the changeover date for publicly-listed companies to use IFRS, replacing Canada's own GAAP. The date is for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The transition date of January 1, 2011 will require the restatement for comparative purposes of amounts reported by the Company for the year ended September 30, 2011. While the Company has begun assessing the adoption of IFRS for 2011, the financial reporting impact of the transition to IFRS cannot be reasonably estimated at this time.

5. Marketable Securities

	June 30, 2009		September 30, 2008	
	Market Value	**Cost**	Market Value	Cost
Common shares in public company received as resource property payment, representing less than 5% interest in the company	**$ 100,000**	**$ 120,000**	$ 180,000	$ 120,000

6. Equipment

Details are as follows:

	Cost	Accumulated Amortization	**Net Book Value June 30, 2009**	**Net Book Value September 30, 2008**
Field equipment	$ 60,380	$ 14,189	**$ 46,191**	**$ 54,342**
Computer equipment	6,752	760	**5,992**	**-**
	$ 67,132	$ 14,949	**$ 52,183**	**$ 54,342**

Included in the amortization to June 30, 2008 is $73 which relates to the allocation of expenses from Kaminak, as disclosed in Note 2.

7. Resource Property Costs:

Details are as follows:

	Acquisition Costs	Exploration Costs	**Cumulative as at June 30, 2009**	Cumulative as at September 30, 2008
Angilak, Nunavut	$ 395,454	$ 2,435,564	**$ 2,831,018**	**$ 2,492,119**
Baker Lake, Nunavut	-	101	**101**	**-**
Washburn, Nunavut	20,097	2,356	**22,453**	**22,172**
	$ 415,551	$ 2,438,021	**$ 2,853,572**	**$ 2,514,291**

General

The Company acquired from Kaminak, a related party, through the Spin Out Transaction (Note 2) Kaminak's Uranium Properties: the Angilak Property, the Baker Lake Property, and the Washburn Property.

Angilak, Nunavut

Angilak is a combination of two properties, located on Inuit Owned Lands and Federal Crown land.

Kaminak signed an Exploration Agreement (EA) with NTI whereby Kaminak was granted a 100% interest in the minerals within privately owned Inuit Owned Lands. This parcel is located directly adjacent to Kaminak's "Angilak (formerly Yathkyed) IOCG Project" which is comprised of staked claims located on Federal Crown land.

7. Resource Property Costs: - *Continued*

Angilak, Nunavut - *Continued*

In order to keep the property in good standing, Kivalliq will agree to complete the following:

- Kivalliq will issue NTI 1,000,000 common shares from treasury staged over 36 months beginning only after final TSX-V approval for the spin-out transaction. On June 23, 2009 250,000 Kivalliq shares were issued and on July 4, 2008, 250,000 Kivalliq shares were issued.

- Upon completion of a feasibility study on any portion of the property, NTI has the option of taking either a 25% participating interest or a 7.5% net profits royalty in the specific area subject to the feasibility study. These terms will include any feasibility study on Kivalliq's adjacent Yathkyed property.

Upon completion of a National Instrument 43-101 compliant report that outlines a measured resource of at least 12 million pounds of uranium, Kivalliq will pay NTI a cash sum of $1,000,000.

As a consequence of the land claims settlement, the property is not subject to royalty obligations to the Government of Canada, but instead is subject to an underlying 12% net profits royalty payable on all minerals to NTI. During periods of positive operating revenue, gross uranium revenue shall be calculated as 130% of the value of the product.

- Starting December 31, 2008, Kivalliq will pay annual advanced royalty payments to NTI in the sum of $50,000 annually ($50,000 paid December 31, 2008).

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, Shear Minerals Ltd. has a 5% Net Profits Interest and Stornoway Diamond Corporation has a 3.5% Net Profits Interest. The agreement pertains to all commodities other than diamonds.

Washburn, Nunavut

The Washburn Uranium Property is located on Victoria Island, Nunavut.

8. Share Capital

a) Details as follows:

	Number	Amount
Authorized:		
Unlimited number of common voting shares without par value		
Issued:		
Issued on incorporation	1	$ 1
Issued for spin out (Note 2)	18,233,761	176,536
Issued for cash – flow-through shares	4,000,000	1,440,672
Issued for resource property (Note 7)	250,000	13,225
Issued for cash – special warrants shares (Note 2)	6,400,000	1,600,000
Issued for cash – warrants exercised	1,894,982	473,746
Transfer from contributed surplus – exercise of warrants (Note 8)	-	56,072
Share issuance costs	-	(160,000)
Balance – September 30, 2008	30,778,744	3,600,252
Issued for services	250,000	62,500
Issued for cash – private placement	2,745,000	458,321
Issued for cash – private placement - flow-through shares	5,180,000	952,509
Issued for finders fees	30,750	6,150
Issued for due diligence fees	60,000	12,000
Issued for resource property (Note 7)	250,000	77,500
Share issuance costs	-	(109,700)
Balance – June 30, 2009	39,294,494	$ 5,059,532

b) Private Placements:

2009

The Company completed a non-brokered private placement offering (“Offering”) of 5,180,000 flow-through units (“FT Units”) at a price of $0.20 per unit, and 2,745,000 non-flow-through units (“NFT Units”) at a price of $0.20 per unit, for total gross proceeds of $1,585,000. Each FT Unit consists of one (1.0) flow-through share and one half of one (0.5) non-flow-through common share purchase warrant. Each whole common share purchase warrant is exercisable into one common share at a price of $0.30 per share to May 14, 2010 or May 27, 2010 and $0.60 per share to May 14, 2011 or May 27, 2011. Each NFT Unit consists of one (1.0) common share and one (1.0) common share purchase warrant. Each whole common share purchase warrant is exercisable into one common share at a price of $0.30 per share to May 27, 2010 and $0.60 per share to May 27, 2011.

The warrants are subject to an acceleration clause, whereby, if the weighted average trading price of the Corporation’s shares on the Exchange is at a price greater than $0.10 above the strike price of a whole common share purchase warrant for a period of 10 consecutive trading days, the Corporation will have the right to accelerate the expiry date of the warrants.

8. Share Capital - *Continued*

b) Private Placements: - *Continued*

2008

The Company completed a brokered private placement of 4,000,000 flow-through units at a price of $0.40 per unit for gross proceeds of $1,600,000. Each Unit consists of one flow-through common share of Kivalliq and one non-flow-through common share purchase warrant, each whole warrant being exercisable to purchase one common share of Kivalliq at a price of $0.50 for one year following the closing and $0.60 in the second year. The agent received a commission equal to 10% of the gross proceeds of the offering, and received 400,000 agent's warrants. Each agent's warrant entitles the holder to acquire one common share at a price of $0.50 to June 9, 2009 and $0.60 to June 9, 2010. In accordance with the terms of the private placement and certain provisions of the Income Tax Act (Canada), the Company will renounce for income tax purposes, exploration expenditures of $1,600,000 to subscribers of the flow through common shares in this private placement, for which the Company will have to incur eligible expenditures by December 31, 2008. At September 30, 2008 the Company had spent all of the flow-through funds raised during the year.

On July 4, 2008, the Company completed the conversion of its non-brokered private placement of 6,400,000 Kivalliq Special Warrants. Each special warrant was converted to a Kivalliq common share upon Kivalliq obtaining its listing on the TSX Venture Exchange ("TSX:V"), at a price of $0.25 for gross proceeds of $1,600,000. Each special warrant would have been exchangeable for common shares of Kaminak had the listing not been approved by December 31, 2008.

c) Warrants:

Details as follows:

	Number of Warrants	Weighted Average Exercise Price
Outstanding warrants, September 30, 2007	-	-
Issued	20,396,716	$0.30
Exercised	(8,294,982)	$0.25
Expired without exercise	(7,701,734)	$0.25
Outstanding warrants, September 30, 2008	4,400,000	$0.60
Issued	5,976,500	$0.30
Outstanding warrants, June 30, 2009	10,376,500	$0.43

8. Share Capital - *Continued*

c) Warrants: - *Continued*

At June 30, 2009, the Company had outstanding warrants enabling the holders to acquire common shares as follows:

Expiry Date	Weighted Average Exercise Price	Number of Shares	Weighted Average Remaining Contractual Life in Years
May 14, 2010	$0.60	900,000	0.87
June 9, 2010	$0.60	3,100,000	0.94
June 9, 2010[1]	$0.60	400,000	0.94
May 14, 2011[2]	$0.30/$0.60	1,000,000	1.87
May 27, 2011[3]	$0.30/$0.60	4,335,000	1.91
May 14, 2011[1,2]	$0.30/$0.60	200,000	1.87
May 27, 2011[1,3]	$0.30/$0.60	441,500	1.91
Weighted average of exercise price	**$0.43**	**10,376,500**	**1.49**

[1] Agents warrants
[2] exercisable at $0.30 to May 14, 2010 and $0.60 to May 14, 2011
[3] exercisable at $0.30 to May 27, 2010 and $0.60 to May 27, 2011

The fair value of the warrants issued was estimated using the Black-Scholes Option Pricing Model with the following weighted average assumptions used for the warrants granted to June 30, 2009:

Risk-free interest rate	0.43-0.49%
Expected dividend yield	0%
Expected stock price volatility	100%
Average expected option life in years	2 years

The fair value of the warrants issued was estimated using the Black-Scholes Option Pricing Model with the following weighted average assumptions used for the warrants granted to September 30, 2008:

Risk-free interest rate	3.46%
Expected dividend yield	0%
Expected stock price volatility	100%
Average expected option life in years	0.63 years

8. Share Capital - *Continued*

d) Stock Options

Details as follows:

	Number of Options	Weighted Average Exercise Price
Outstanding options, September 30, 2006 and 2007	-	-
Issued	1,059,200	$0.27
Outstanding options, September 30, 2008	1,059,200	$0.27
Issued	2,655,000	$0.15
Expired	(66,000)	$0.25
Outstanding options, June 30, 2009	**3,648,200**	**$0.18**

Expiry Date	Weighted Average Exercise Price	Issued Number of Options	Exercisable Number of Options	Weighted Average Remaining Contractual Life in Years
January 17, 2011	$0.25	597,200	597,200	1.55
April 7, 2011	$0.25	20,000	20,000	1.77
April 25, 2011	$0.29	20,000	20,000	1.82
July 21, 2011	$0.25	166,000	166,000	2.06
December 7, 2011	$0.25	40,000	40,000	2.44
April 2, 2012	$0.36	96,000	96,000	2.76
June 18, 2012	$0.36	54,000	54,000	2.97
November 12, 2013	$0.15	2,655,000	1,327,500	4.37
Weighted average of exercise price	**$0.18**	**3,648,200**	**2,320,700**	**3.69**

During the period ended June 30, 2009, the Company granted options to acquire 2,655,000 common shares with a weighted average fair value of $0.15 per share, which vested during the year, resulting in stock-based compensation expense under the Black-Sholes option pricing model of $79,006 of which $32,919 has been recognized to June 30, 2009.

The following weighted average assumptions were used for the valuation of stock options and finders' warrants granted during the period ended June 30, 2009:

Risk-free interest rate	2.75%
Expected dividend yield	0%
Expected stock price volatility	100%
Average expected option life in years	5.0 years

8. Share Capital - *Continued*

d) Stock Options - *Continued*

During the year ended September 30, 2008, the Company granted options to acquire 1,059,200 common shares with a weighted average fair value of $0.27 per share, which fully vested during the year, resulting in stock-based compensation expense under the Black-Sholes option pricing model of $160,859. In addition, the Company was allocated stock-based compensation of $7,027 from Kaminak as a result of the spin out (Note 2).

The following weighted average assumptions were used for the valuation of stock options and finders' warrants granted during the year ended September 30, 2008:

Risk-free interest rate	3.29%
Expected dividend yield	0%
Expected stock price volatility	100%
Average expected option life in years	2.81 years

On June 25, 2008, the Company adopted a stock option plan with the following terms:

i) Options granted can not be lower than the market price of one common share on the last trading day immediately preceding the day on which the option is granted, less the maximum applicable discount permitted by TSX Venture Exchange and the minimum exercise price per share must be at least $0.10.

ii) At the time of the grant:

a) the total number of shares so reserved for issuance by the Board of directors shall not exceed ten (10%) percent of the issued and outstanding shares (on a non-diluted basis);

b) the aggregate number of shares so reserved for issuance to any one optionee in a 12 month period shall not exceed five (5%) percent of the issued shares (on a non-diluted basis);

c) the aggregate number of options granted to any one consultant in a 12 month period shall not exceed 2% of the issued shares;

d) the aggregate number of options granted to employees, who provide investor relations activities must not exceed 2% of the issued shares in any 12 month period; and

e) options issued to consultants performing investor relations services must vest in stages over 12 months with no more than one-quarter of the options vesting in any 3 month period.

f) options issued to employees vest at the discretion of the board of directors.

9. Contributed Surplus

Balance consists of:

Balance – September 30, 2007	$ 398,075
Funding by Kaminak Gold Corporation	46,875
Stock based compensation relating to period prior to spin out	7,027
Transfer of assets	(229,026)
Stock-based compensation on options granted	160,859
Warrants issued for property assignments	134,885
Warrants issued with flow-through shares	141,633
Agent's warrants issued	17,695
Warrants issued to NTI	13,777
Warrants exercised	(56,072)
Balance – September 30, 2008	635,728
Stock-based compensation on options granted	52,671
Warrants issued with flow-through shares	83,491
Warrants issued with non-low-through shares	90,679
Agent's warrants issued	30,104
Share issuance costs	(12,078)
Balance – June 30, 2009	**$ 880,595**

10. Related Party Transactions

Included in the period ending June 30, 2009, are consulting fees of $1,591, travel and conference charges of $9,000, and office and sundry charges of $3,077 to companies controlled by directors and officers of the Company.

During the period ended June 30, 2009, the Company paid $28,000 in consulting fees to directors and officers.

During the year ended September 30, 2008, Kaminak, a company with common directors and officers transferred its Uranium properties to the Company in exchange for 18,233,761 units of the Company (Note 2).

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.

11. Financial Instruments

Categories of financial assets and liabilities

As at June 30, 2009, the carrying and fair value amounts of the Company's financial instruments are the same. The carrying value of the Company's financial instruments is classified into the following categories:

	June 30, 2009	September 30, 2008
Held for trading	**$ 1,733,735**	$ 936,350
Available for sale	**$ 100,000**	$ 180,000
Receivables	**$ 39,594**	$ 130,783
Other financial liabilities	**$ 33,485**	$ 173,313

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, 2009, the Company had a cash balance of $1,733,735 to settle current liabilities of $33,485. 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, 2009, the Company did not have any investments 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.

11. Financial Instruments - *Continued*

(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.

12. Capital Management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the development of its resource properties and to maintain flexible capital structure for its projects for the benefit of its stakeholders.

In the management of capital, the Company includes the components of shareholders' equity as well as cash, receivables and current liabilities.

The Company manages the capital structure and makes adjustments to it in light of changes in the economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, enter into joint venture property arrangements, acquire or dispose of assets or adjust the amount of cash.

Management reviews the capital structure on a regular basis to ensure that the above-noted objectives are met.

13. Segmented Information

The current Periods presentation includes the following segments:

	June 30, 2009	June 30, 2008
Net Loss:		
Kivalliq	$ 545,410	$ 61,652
From Kaminak[(1)]	-	53,902
Total Expenditures	$ 545,410	$ 115,554

13. Segmented Information - *Continued*

	June 30, 2009	September 30, 2008
Assets:		
Kivalliq	$ 4,925,997	$ 3,675,667
From Kaminak[(2)]	-	311,421
Total Assets	$ 4,925,997	$ 3,987,088

1 – Expenditures allocated from Kaminak as per the carve out (refer to Note 2)
2 – Assets acquired from Kaminak as part of the Spin out transaction (refer to Note 2)

The Company operates in one industry, being the acquisition, exploration and development of resource properties. All of the Company's properties are located in Canada.

14. Subsequent Events

On August 11, 2009, the Company issued 150,000 stock options to consultants of the Company with an exercise price of $0.25 per share.

On August 20, 2009, the Company closed a private placement of 2,000,000 FT Units at a price of $0.25 per Unit for gross proceeds of $500,000. Each FT Unit sold will consist of one half (1/2) non flow-through common share purchase warrant. Each whole common share purchase warrant will be exercisable into one common share for a period of 24 months from closing at a price of $0.35 per share in the first 12 months and $0.65 per share in the subsequent 12 months. The FT Units issued will be subject to a four month hold period from the Closing date.

The warrants will be subject to an acceleration clause, whereby, if the weighted average trading price of the Corporation's shares on the Exchange is at a price greater than $0.10 above the strike price of a whole common share purchase warrant for a period of 10 consecutive trading days, the Corporation will have the right to accelerate the expiry date of the warrants. The Corporation will give written notice to the holders of the warrants that the warrants will expire within 30 days of the date notice provided by the Corporation to the warrant holders. Such notice by the Corporation to the holders of the warrants may not be given until 4 months and one day after the Closing. Finder fees may be payable on portions of the Offering.