FORM 51-102F3

Material Change Report

ITEM 1. REPORTING ISSUER

Kivalliq Energy Corp (the "Issuer")
Suite 1020, 800 W. Pender St.
Vancouver, British Columbia, V6C 2V6

ITEM 2. DATE OF MATERIAL CHANGE

July 11, 2012

ITEM 3. PRESS RELEASE

Issued July 11, 2012 and distributed through the facilities of Marketwire via Canadian Timely Disclosure and Blender Media to the Issuer's email list. The news release was also posted on the Issuers' website (www.kivalliqenergy.com) and the Aurora website (www.auroraresource.com).

ITEM 4. SUMMARY OF MATERIAL CHANGE

The Issuer announced both the discovery of a highly-radioactive new zone, "J4", located 2.3 kilometres southeast of its high-grade Lac Cinquante uranium deposit, and the extension of the strike length of the recently-discovered Ray Zone to 310 metres. These results are from the on-going, $20 million exploration program at the Issuer's 252,830 acre Angilak Property in Nunavut Territory, Canada. Exploration has focussed on evaluating linear electromagnetic ("EM") conductors occurring within 2.5 kilometres of the Lac Cinquante deposit by exploratory diamond drilling in 2012. Assay results will be released when available.

ITEM 5. FULL DESCRIPTION OF MATERIAL CHANGE

See attached News Release.

ITEM 6. RELIANCE ON SUBSECTION 7.1(3) OF NATIONAL INSTRUMENT 51-102

Not applicable. This report is not being filed on a confidential basis

ITEM 7. OMITTED INFORMATION

No information has been omitted on the basis that it is confidential information.

ITEM 8. EXECUTIVE OFFICER

Contact: James Paterson, CEO

Telephone: 604-646-4527

ITEM 9. DATE OF REPORT

DATED at Vancouver, B.C., this 11th day of July, 2012.

Highly Radioactive J4 Zone Discovered;

Ray Zone Strike Length Extended to 310 Metres

July 11, 2012

Vancouver, British Columbia

Kivalliq Energy Corporation ("Kivalliq"; TSX-V: KIV) today reports both the discovery of a highly-radioactive new zone, "J4", located 2.3 kilometres southeast of its high-grade Lac Cinquante uranium deposit, and the extension of the strike length of the recently-discovered Ray Zone to 310 metres. These results are from the on-going, $20 million exploration program at Kivalliq's 252,830 acre Angilak Property in Nunavut Territory, Canada. Exploration has focussed on evaluating linear electromagnetic ("EM") conductors occurring within 2.5 kilometres of the Lac Cinquante deposit by exploratory diamond drilling in 2012. Assay results will be released when available.

Key Point Summary

- The newly discovered J4 Zone is 300 metres to the north of, and runs parallel to the recently discovered Ray Zone. J4 Zone is associated with a one kilometre long EM conductor located 2.3 kilometres east of the Lac Cinquante resource area.
- J4 Zone diamond drilling has intersected significant radioactivity in six of six holes over a strike length of 50 metres, with the deepest intercept at 183 vertical metres. The J4 Zone remains open along strike and to depth.
- Five of six new core holes at the Ray Zone have intersected radioactivity associated with a subtle EM conductor; eight of nine holes at Ray have intersected radioactivity over 310 metres strike length. Ray is situated two kilometres along strike and southeast of the Lac Cinquante resource area.

"This marks the fourth new zone discovered within 2.5 kilometres of the Lac Cinquante deposit so far this season," stated Jeff Ward, President. "Our targeting techniques continue to demonstrate the tremendous mineral potential of the Angilak Property, and specifically the area surrounding the high-grade Lac Cinquante resource."

Ongoing exploration drilling in 2012 will continue to investigate multiple uranium targets generated on previous programs. Kivalliq expects to drill 26,000 metres of NQ core on advanced targets using three diamond drill rigs and 9,000 metres of reverse circulation drilling ("RC") designed to prioritise exploration targets. Extensive ground based geophysical surveying, prospecting, and soil sampling campaigns are also planned for 2012.

Exploration progress in 2012 to date includes:

- 92 diamond drill holes totalling 17,043 metres focussed on linear geophysical targets, radioactive zones identified by RC drilling, and deep drilling at Lac Cinquante
- 24 RC holes totalling 3,807 metres prioritising areas for follow-up diamond drilling
- 445 line kilometres of ground geophysical surveying

J4 Zone Discovery

Highly radioactive mineralization has been intersected in six holes drilled from two drill sites along 50 metres of strike length at the J4 Zone. J4 is a one kilometre long EM conductor located roughly 2.3 kilometres east of Lac Cinquante mineralization and about 300 metres north of the Ray Zone (see June 25, 2012 news release).

J4 hosts two sub-parallel mineralized horizons, 20 metres to 25 metres apart, referred to as the J4 Upper Zone and the J4 Lower Zone. The J4 Upper Zone has been intersected at depths between 49 and 123 vertical metres. The J4 Lower Zone has been intersected between 63 metres and 183 metres vertical depth. Radioactivity at J4 is hosted in narrow carbonate veins in sheared sulphidic graphitic tuff within a larger sequence of basalt and gabbro. Radioactive readings between 170 and a peak of 31,500 counts per second ("cps") were measured over down hole intervals up to 1.5 metres in the J4 Upper Zone. Radioactive readings between 170 and a peak of 27,000 cps were measured over 0.3 metre intervals in the J4 Lower Zone

Ray Zone

Five additional radioactive intervals have been drilled at Ray since the news release of June 25, 2012. The Ray Zone is a subtle EM conductor two kilometres along strike and southeast of Lac Cinquante's Eastern Extension. Radioactive mineralization has been intersected in eight of nine holes from three drill sites along 310 metres of strike length. One hole was lost while collaring. Anomalous radioactivity has been intersected between vertical depths of 41 metres and 146 metres. Radioactivity ranges from 200 to 8460 cps in down hole core intervals of up to 1.5 metres. Mineralization at Ray Zone occurs in a narrow sulphidic, graphitic tuff horizon, similar to mineralization at Lac Cinquante.

All holes in target areas were drilled northeast with azimuths of 26 degrees at inclinations between -45 and -90 degrees. For maps and drill plan images, please visit www.kivalliqenergy.com/projects/angilak/program_images.

QA/QC

Half-spilt core samples from holes drilled at the Angilak Property, with anomalous radioactivity levels between 170 and 31,500 cps measured to date, have been sent to Saskatchewan Research Council Geoanalytical Laboratories ("SRC") for analysis. The SRC facility operates in accordance with ISO/IEC 17025:2005 (CAN-P-4E), General Requirements for the Competence of Mineral Testing and Calibration laboratories and is accredited by the Standards Council of Canada. Kivalliq's quality assurance and quality control procedures include the systematic insertion of blanks and standards into the drill core sample string. Chemical assay results from this drill program will be reported by Kivalliq upon receipt.

Natural gamma radiation in drill core was measured in cps using a hand-held Radiation Solutions Inc. RS-121 scintillometer or RS-230 spectrometer. Kivalliq cautions that scintillometer readings are not directly related to uranium grade and are only used to indicate zones of radioactive material.

Jeff Ward, P.Geo. and President of Kivalliq has reviewed and approved the scientific and technical information contained in this news release and is the Qualified Person as defined under National Instrument 43-101 for this news release.

About Kivalliq Energy Corporation

Kivalliq Energy Corporation is a uranium exploration and development company and the first company in Canada to sign a comprehensive agreement to explore for uranium on Inuit Owned Lands in Nunavut.

Kivalliq's 252,830 acre Angilak Property hosts the high-grade Lac Cinquante deposit, along with multiple highly-mineralized target areas. With a NI 43-101 Inferred Mineral Resource of 1,779,000 tonnes grading 0.69% U_3O_8, totalling 27.13 million pounds U_3O_8, (15.2 pounds U_3O_8/tonne) at a 0.2% U_3O_8 cut-off grade, the Lac Cinquante Deposit is Canada's highest grade uranium deposit outside of the Athabasca Basin.

Since acquiring the Angilak Property in 2008, Kivalliq has invested approximately $30 million conducting systematic exploration, including ground and airborne geophysics, geological mapping, prospecting and approximately 48,000 metres of RC and diamond drilling.

On behalf of the Board of Directors

James R. Paterson, CEO

Kivalliq Energy Corporation

For further information about Kivalliq Energy Corporation or this news release, please visit our website at www.kivalliqenergy.com.

Kivalliq Energy Corporation is a member of the Aurora Resource Group of companies. For more information please visit www.auroraresource.com.

Certain disclosures in this release, including management's, intentions with respect to use of proceeds, the 2012 Angilak exploration program and future exploration programs, constitute forward-looking statements that are subject to numerous risks, uncertainties and other factors relating to Kivalliq's operations as a mineral exploration company that may cause future results to differ materially from those expressed or implied in such forward-looking statements, including risks as to market price of the Company's securities and the market for securities of resource exploration companies in general; commodity prices and, in particular, the price of uranium and the completion of the Company's plans and projects. Readers are cautioned not to place undue reliance on forward-looking statements. Other than as required by applicable securities legislation, Kivalliq expressly disclaims any intention or obligation to update or revise any forward-looking statements whether as a result of new information, future events, or otherwise.

FOR FURTHER INFORMATION PLEASE CONTACT:

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