



**FORM 51-102F3
MATERIAL CHANGE REPORT**

ITEM #1 NAME & ADDRESS OF COMPANY

Kivalliq Energy Corporation
1110-1111 West Georgia Street,
Vancouver, BC
V6E 4M3

(the “Company”)

ITEM #2 DATE OF MATERIAL CHANGE

May 8, 2017

ITEM #3 NEWS RELEASE

A news release announcing the material changes referred to in this report was disseminated on May 8, 2017 through Marketwired News Publishing via Canadian Mining Disclosure Network, and was SEDAR filed with the British Columbia and Alberta Securities Commissions and the TSX Venture Exchange.

ITEM #4 SUMMARY OF MATERIAL CHANGE

Kivalliq Energy Corporation (TSX-V: KIV) (“Kivalliq”) announced the acquisition of a dominant land position in one of the largest undeveloped greenstone-iron formation gold belts in Nunavut, Canada. This land package, totalling 408,981.6 hectares and covering 160 kilometres of the Foxe Fold Belt on central Baffin Island, comprises a Mineral Exploration Agreement (MEA) with Nunavut Tunngavik Inc. (NTI); the acquisition of 15 prospecting permits; and a transaction with Commander Resources Ltd. (“Commander”).

ITEM #5 FULL DESCRIPTION OF MATERIAL CHANGE

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Baffin Gold Acquisition Highlights:

- Large land position with exclusive control of one of the largest undeveloped greenstone belts in Canada

- Covers a strongly mineralized gold system hosting known high-grade gold occurrences in multiple geological settings: iron formation, shear zones, quartz veins, metasediments and metavolcanics
- Over \$25 million* of exploration data and extensive geoscience databases from BHP-Billiton, Falconbridge, Commander Resources and AngloGold Ashanti exploration programs performed between 2001 and 2011 (*based on publicly disclosed reports)
- An existing camp, tidewater access and two 1,200 m DEW Line airstrips will help to accelerate future work programs and potential development
- Only 158 drill holes to date (<150 m depth) along entire belt, focused mostly on four prospects
- 61% of historic drill holes returned weighted assay intervals of > 1.0 g/t Au over 1.0 metre
- Best three drill intercepts to date:
 - **21.3 g/t Au over 4.2 m,**
 - **10.2 g/t Au over 4.5 m,** and
 - **9.2 g/t Au over 6.0 m**
- 22.3% of historic surface rock samples taken were > 0.5 g/t Au, including **1388 g/t Au;**
- Best three channel samples to date:
 - **373.9 g/t Au over 0.49 m,**
 - **241.3 g/t Au over 0.25 m,** and
 - **173.0 g/t Au over 0.46 m**
- Low acquisition costs (Prospecting permits and IOL Agreements)

The Baffin Gold Property is a district-scale land package covering an entire Proterozoic gold belt having geological and structural similarities to multi-million ounce gold mines in the north (i.e. Meadowbank, Lupin) as well as the prolific Homestake Mine in South Dakota. Previous exploration has identified numerous prospects along 140 kilometres of strike length, with high-grade gold occurring in multiple settings: silicate and sulphide iron formation; shear zones and quartz veins hosted in granodiorite, metavolcanics and metasediments.

The Baffin Gold Property is comprised of consolidated mineral tenure located approximately 230 kilometres southwest of the community of Clyde River on Baffin Island, in the Qikiqtani region of Nunavut. This property comprises fifteen prospecting permits, six crown mineral claims and three Inuit Owned Land parcels subject to MEA's with NTI.

Previous Exploration

Prior to 2001, exploration and mapping in central Baffin Island focused on base metals. Between 2000 and 2003, the Geological Survey of Canada mapped the western half of the Piling Group and, while no new mineral occurrences were documented, they recognized the area was prospective for several types of mineralization including: zinc-lead in platform carbonates; nickel, copper, cobalt and platinum in layered mafic-ultramafic sills; tin in pegmatitic rocks; and gold in close association with the Bravo Lake ("BLF") and Longstaff Bluff ("LBF") Formations.

Gold was first discovered by BHP Billiton and Falconbridge in 2001 during base metal exploration programs, and by 2003 Commander had optioned or staked a large land package similar to Kivalliq's current Baffin Gold Property boundaries. Between 2003 and 2009 Commander operated seasonal field exploration programs costing about \$18 million that included: 158 diamond drill holes (19,083 m); two airborne geophysical surveys (GEOTEM and DIGHEM V); four ground geophysical surveys; 2,700 till and soil samples; 4,623 rock (channel and grab) samples. Between 2009 and 2011, AngloGold Ashanti optioned the property and conducted one season of drilling and ground IP surveying.

To date, prospecting, mapping and geophysics, followed by drilling, have been very successful in discovering new, high-grade gold zones hosted in a variety of geological settings within the BLF. Most of the drilling completed to date was within 150 metres of surface and focused on following-up surface gold prospects at Malrok (7,221m in 59 holes), and Ridge Lake (7,124m in 67 holes) with limited exploratory drilling at Kanosak (1,960m in 13 holes), Durette (1,784m in 11 holes), and Brent (995m in 8 holes). For tables listing highlights of historic drill hole intercepts and surface sample results, please see: <http://www.kivalliqenergy.com/>

Foxe Fold Belt – Bravo Lake Formation

The Foxe Fold Belt (FFB) is a Proterozoic supra-crustal sequence characterized by upper greenschist to amphibolite facies metamorphism and complex poly-phase deformation. The Baffin Gold Property is centered on the Bravo Lake Formation (BLF), an east-west trending, metavolcanic-sedimentary belt located along the southern edge of Piling Group rocks within the FFB. Prospective gold-bearing zones within the Bravo Lake formation are generally shallow dipping and extend 140 kilometres inland from tidewater into central Baffin Island.

High-grade gold occurrences have been identified in three separate iron formation units, within quartz veins in volcanic and sedimentary units of the BLF; and in shear zones within younger intrusions. At least three structural settings controlling gold mineralization have been identified to date:

- 1) Intersections between permissive stratigraphy and secondary structures;
- 2) Stratabound permeability (fracturing/veining) due to strain partitioning; and,
- 3) Shear and fault zones.

Gold occurs primarily as free gold, associated with arsenopyrite and disseminated within quartz veins. Petrographic work indicates a strong, mineralizing system having either two mineralizing events or a protracted period of gold mineralization.

Kivalliq Exploration Priorities

The Kanosak, Ridge, Malrok, and Durette zones are the most advanced prospects within the BLF and represent the range of mineralization and structural analogues within the BLF. These will help guide future exploration programs covering the rest of the property.

Kivalliq exploration efforts will target near surface gold in BLF iron formation, greenstone-metasediment hosted quartz veins, similar to other gold deposits in the Nunavut and Northwest Territories, and particularly the prolific Proterozoic aged Homestake Mine in South Dakota. Exploration priorities include an immediate review, compilation and reinterpretation of all geological and exploration data, to develop integrated structural, geophysical and geochemical models targeting the untapped potential of this extremely prospective gold belt. Final plans and budgets for the Baffin Gold Property will be disclosed after a review of existing data has been completed.

Initial field work being planned for the summer of 2017 will systematically explore the BLF gold belt and ground truth newly developed models. The program will infill earlier datasets and prioritize un-sourced gold anomalies in till, soil and boulders. Future drilling will further assess known prospects, new structural targets, untested areas of outcropping mineralization and blind targets in covered areas based on till geochemistry and geophysics.

Terms of the Commander Baffin Gold Property Option

As part of Kivalliq's consolidation of mineral tenure in the Qikiqtani Region, Kivalliq has, subject to receipt of all necessary approvals, acquired an option to earn 100% of Commander's Baffin Gold Property which includes 6 mineral claims (5,948 hectares) and a recently signed MEA with NTI on two blocks within Inuit Owned Lands (8,105 hectares).

Upon execution of, and pursuant to the terms of the Baffin Gold Property Option Agreement:

- Commander will receive a cash payment of C\$10,000;
- Commander will receive an aggregate of 500,000 Kivalliq shares within 12 months;
- Kivalliq will fulfill Commander's obligations to NTI for Year 1 under the MEA on IOL BI-35;
- Commander will receive 500,000 Kivalliq shares at a Bankable Feasibility Study;
- Commander will receive a cash payment up to \$6 million upon commencement of Commercial Production;
- Commander will retain a 0.25% to 0.5% NSR royalty on Commander's Baffin Gold Property optioned lands;

- As part of a data purchase agreement, Kivalliq will grant Commander a 0.25% NSR royalty on Kivalliq's Baffin mineral tenures adjacent to Commander's Baffin Gold Property optioned lands; and
- Terms of the Baffin Gold Property Option Agreement may be adjusted up until the date of any first royalty payment to reflect the possible impact of any past commercial agreements or interests.

Terms of MEA's on Inuit Owned Land with Nunavut Tunngavik Inc.

Three parcels within Kivalliq's Baffin Gold Property are subject to Mineral Exploration Agreements (MEA's) with NTI, granting exclusive rights to explore for, develop and mine minerals on approximately 72,638 hectares of IOL parcel BI-35 on Baffin Island in the Qikiqtani Region of Nunavut.

Under terms of the MEA's on IOL RI-35, NTI will receive:

- Annual fees and exploration work commitments;
- \$1 million and \$5.5 million cash payments upon demonstrating NI 43-101 compliant Measured Resources of 1 million and 5 million ounces gold respectively;
- \$3 million and \$5 million cash payments with the commencement of a Feasibility Study and at Commercial Production respectively;
- \$50,000 annual advanced royalty payments after both a Measured Resource of 1 million ounces gold and a positive Feasibility Study is attained; and
- At Commercial Production, an underlying 12% net profits royalty payable on exploration areas (deductions not to exceed 70% of gross revenues)

For Baffin Gold Property maps and tables please visit our website: <http://www.kivalliqenergy.com/>

QA/QC

Kivalliq has not performed any exploration on the Baffin Gold Property to date. Exploration results by Commander and previous explorers reported herein are historic in nature and although not verified by Kivalliq, this work was carried out by knowledgeable explorers using acceptable industry practices at the time. Jeff Ward, P.Geo., President of Kivalliq and a Qualified Person for Kivalliq, has reviewed and approved the scientific and technical information contained in this release.

ITEM # 6 RELIANCE ON SUBSECTION 7.1(2) OF NATIONAL INSTRUMENT 51-102

N/A

ITEM #7 OMITTED INFORMATION

N/A

ITEM #8 EXECUTIVE OFFICER

The following executive officer of the Company is knowledgeable about this report and the material change disclosed herein:

James Paterson
 Chief Executive Officer
 Tel: (604) 646-4527

ITEM #9 DATE OF REPORT

May 11, 2017