



CanAlaska Uranium Ltd.

Condensed Interim Consolidated Financial Statements

Second Quarter - October 31, 2016

(Unaudited)

(Expressed in Canadian dollars, except where indicated)

**NOTICE OF NO AUDITOR REVIEW OF
CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

Under National Instrument 51-102, if an auditor has not performed a review of the condensed interim consolidated financial statements required to be filed, they must be accompanied by a notice indicating that the condensed interim consolidated financial statements have not been reviewed by an auditor.

The accompanying condensed interim consolidated financial statements have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these condensed interim consolidated financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of condensed interim consolidated financial statements by an entity's auditor.

CanAlaska Uranium Ltd.

Condensed Interim Consolidated Statements of Financial Position

(Unaudited)

(Expressed in Canadian dollars except where indicated)

	October 31 2016 \$000's	April 30 2016 \$000's
Assets		
Current assets		
Cash and cash equivalents (note 4)	1,658	943
Trade and other receivables	47	85
Available-for-sale securities (note 5)	551	548
Total current assets	<u>2,256</u>	<u>1,576</u>
Non-current assets		
Reclamation bonds	128	131
Property and equipment (note 6)	148	169
Mineral property interests (note 7)	278	402
Total assets	<u>2,810</u>	<u>2,278</u>
Liabilities		
Current liabilities		
Trade and other payables	<u>238</u>	<u>156</u>
Equity		
Common shares (note 8)	74,454	73,325
Equity reserve (note 8)	11,592	10,911
Investment revaluation reserve	(66)	291
Deficit	<u>(83,408)</u>	<u>(82,405)</u>
	<u>2,572</u>	<u>2,122</u>
	<u>2,810</u>	<u>2,278</u>

Going Concern (note 2)

Commitments (note 11)

Subsequent Events (note 13)

Approved by the Board of Directors

“Peter Dasler”

Director

“Jean Luc Roy”

Director

CanAlaska Uranium Ltd.

Condensed Interim Consolidated Statements of Comprehensive Loss

(Unaudited)

(Expressed in Canadian dollars except where indicated)

	Three months ended October 31 2016 (\$000's)	Three months ended October 31 2015 (\$000's)	Six months ended October 31 2016 (\$000's)	Six months ended October 31 2015 (\$000's)
EXPLORATION COSTS				
Mineral property expenditures net of reimbursements	155	50	205	97
Mineral property write-offs (note 7)	36	2	126	89
Net option payments (note 7)	(206)	(129)	(466)	(209)
Equipment rental income	(7)	-	(7)	-
	<u>(22)</u>	<u>(77)</u>	<u>(142)</u>	<u>(23)</u>
OTHER EXPENSES (INCOME)				
Consulting, labour and professional fees	138	89	415	192
Depreciation and amortization (note 6)	10	12	19	24
Gain on disposal of property and equipment	(1)	-	(3)	(9)
Foreign exchange loss (gain)	1	-	1	(4)
Insurance, licenses and filing fees	30	20	61	41
Interest income	(3)	(1)	(4)	(3)
Other corporate costs	18	7	27	22
Investor relations and presentations	92	46	147	96
Rent (note 11)	5	2	7	9
Share-based payments (note 9)	397	-	397	13
Travel and accommodation	15	5	23	29
Impairment of available-for-sale securities (note 5)	60	560	60	584
Management fees	(1)	(2)	(5)	(4)
	<u>761</u>	<u>738</u>	<u>1,145</u>	<u>990</u>
Net loss for the period	(739)	(661)	(1,003)	(967)
Other comprehensive loss				
Unrealized loss (gain) on available-for-sale securities	422	(484)	357	(81)
Total comprehensive loss for the period	<u>(1,161)</u>	<u>(177)</u>	<u>(1,360)</u>	<u>(886)</u>
Basic and diluted loss per share (\$ per share)	(0.03)	(0.03)	(0.04)	(0.04)
Basic and diluted weighted average common shares outstanding (000's)	27,022	22,068	25,417	22,068

The accompanying notes are an integral part of these unaudited condensed interim consolidated financial statements.

CanAlaska Uranium Ltd.

Condensed Interim Consolidated Statements of Changes in Equity

For the six months ended October 31, 2016 and 2015

(Unaudited)

(Expressed in Canadian dollars except where indicated)

	Common Shares		Equity Reserve \$000's	Investment Revaluation Reserve \$000's	Accumulated Deficit \$000's	Total Equity \$000's
	Shares 000's	Amount \$000's				
Balance-May 1, 2015	22,068	73,205	10,947	(64)	(80,763)	3,325
Share-based payments	-	-	13	-	-	13
Unrealized loss on available-for-sale securities	-	-	-	81	-	81
Income for the period	-	-	-	-	(967)	(967)
Balance-October 31, 2015	22,068	73,205	10,960	17	(81,730)	2,452
Balance-May 1, 2016	22,527	73,325	10,911	291	(82,405)	2,122
Issued on private placement for cash	2,000	1,120	-	-	-	1,120
Warrants issued on private placement	-	(502)	502	-	-	-
Share issuance costs	-	(84)	-	-	-	(84)
Issued on the exercise of stock options	2,602	595	(218)	-	-	377
Share-based payments	-	-	397	-	-	397
Unrealized gain on available-for-sale securities	-	-	-	(357)	-	(357)
Loss for the period	-	-	-	-	(1,003)	(1,003)
Balance-October 31, 2016	27,129	74,454	11,592	(66)	(83,408)	2,572

The accompanying notes are an integral part of these unaudited condensed interim consolidated financial statements.

CanAlaska Uranium Ltd.

Condensed Interim Consolidated Statements of Cash Flows

(Unaudited)

(Expressed in Canadian dollars except where indicated)

	Six months ended October 31 2016 \$000's	Six months ended October 31 2015 \$000's
Cash flows used in operating activities		
Loss income for the period	(1,003)	(967)
Items not affecting cash		
Gain on disposal of property and equipment	(3)	(9)
Depreciation and amortization (note 6)	19	24
Mineral property write-offs	126	89
Impairment of available-for-sale securities (note 5)	60	584
Recoveries on option payments received	(466)	(194)
Share-based payments (note 9)	397	13
	<u>(870)</u>	<u>(460)</u>
Change in non-cash operating working capital		
Decrease in trade and other receivables	40	51
Increase (decrease) in trade and other payables	85	(30)
	<u>(745)</u>	<u>(439)</u>
Cash flows from financing activities		
Issuance of common shares (net of share issuance costs)	1,036	-
Proceeds from exercise of stock options	376	-
	<u>1,412</u>	<u>-</u>
Cash flows from investing activities		
Additions to mineral property interests	(7)	(16)
Proceeds from sale of property and equipment	3	11
Reclamation bond	2	-
Option payments received	50	10
	<u>48</u>	<u>5</u>
Increase (decrease) in cash and cash equivalents	715	(434)
Cash and cash equivalents - beginning of period (note 4)	943	1,605
Cash and cash equivalents - end of period (note 4)	<u>1,658</u>	<u>1,171</u>

The accompanying notes are an integral part of these unaudited condensed interim consolidated financial statements.

CanAlaska Uranium Ltd.

Notes to the Condensed Interim Consolidated Financial Statements For the six month period ended October 31, 2016

(Unaudited)

(Expressed in Canadian dollars except where indicated)

1 Nature of Operations

CanAlaska Uranium Ltd. (the "Company" or "CanAlaska") and its subsidiaries are principally engaged in the exploration of uranium properties. The Company may bring the properties to production, structure joint ventures with others, option or lease properties to third parties or sell the properties outright. The Company has not determined whether these properties contain ore reserves that are economically recoverable and the Company and its mineral interests are considered to be in the exploration stage. From time to time, the Company evaluates new properties and directs exploration on these properties based on the Board of Director's evaluation of financial and market considerations at the time. The Company's shares trade on the TSX Venture Exchange under the symbol "CVV". The Company's shares are also quoted on the OTCQB in the United States under the symbol "CVVUF" and the Frankfurt Stock Exchange under the symbol "DH7N". In May 2015, the Company deregistered from its reporting obligations with the United States Securities and Exchange Commission (the "SEC"). The Company's registered office is located at 625 Howe Street, Suite 1020, Vancouver, British Columbia, V6C 2T6, Canada.

2 Going Concern

These condensed interim consolidated financial statements have been prepared on a going concern basis. The going concern basis of presentation assumes that the Company will continue in operation for the foreseeable future and be able to realize its assets and discharge its liabilities and commitments in the normal course of business. These condensed interim consolidated financial statements do not include any adjustments to the carrying values of assets and liabilities and the reported expenses and statement of financial position classification that would be necessary should the Company be unable to continue as a going concern. These adjustments could be material.

The recoverability of the amounts shown for mineral properties and related deferred costs is dependent upon the existence of economically recoverable mineral reserves, the ability of the Company to obtain the necessary financing to complete the development, and upon future profitable production or proceeds from disposition of the mineral properties. Due to the difficult market conditions facing junior uranium exploration companies there is no assurance that the Company will be successful in raising additional financing. The amounts shown as mineral property costs represent acquisition costs incurred to date, net of recoveries.

The Company does not generate recurring revenues from operations and other factors as noted may cast significant doubt regarding the Company's ability to continue as a going concern. Management believes that the cash on hand is sufficient to meet corporate, administrative and selected exploration activities for at least the next twelve months. Management may either need to dilute its ownership in its properties or secure additional financing to continue to advance the development of its exploration projects. Management has taken steps to streamline non-discretionary expenditures and financial overheads and is working to option, joint venture or sell its individual exploration projects.

At October 31, 2016, the Company had cash and cash equivalents of \$1.7 million (April 30, 2016: \$0.9 million) (note 4) and working capital of \$2.0 million (April 30, 2016: \$1.4 million) and has a deficit of \$83.4 million at October 31, 2016.

CanAlaska Uranium Ltd.

Notes to the Condensed Interim Consolidated Financial Statements

For the six month period ended October 31, 2016

(Unaudited)

(Expressed in Canadian dollars except where indicated)

3 Basis of Consolidation and Presentation

a) Statement of Compliance

These condensed interim consolidated financial statements of the Company, including comparatives, have been prepared in accordance with International Financial Reporting Standards 34 Interim Financial Reporting (“IAS 34”) using the accounting policies consistent with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Boards (“IASB”). These condensed interim consolidated financial statements have been prepared on the basis of and using accounting policies, methods of computation and presentation consistent with those applied in the Company’s April 30, 2016 consolidated annual financial statements.

These condensed interim consolidated financial statements were authorized for issuance by the Board of Directors of the Company on December 13, 2016.

b) Basis consolidation and preparation

These condensed interim consolidated financial statements are presented in Canadian dollars. The consolidated financial statements are prepared on the historical cost basis except for certain financial instruments that are measured on the fair value basis.

These condensed interim consolidated financial statements include the accounts of CanAlaska and its wholly-owned subsidiary, CanAlaska West McArthur Uranium Ltd., a B.C. company.

Subsidiaries are entities over which the Company has control. Control is achieved when the Company has power over its investee; is exposed or has rights to variable returns from its involvement with the investee; and has the ability to use its power to affect its returns. Subsidiaries are consolidated from the date on which control is transferred to the Company. They are deconsolidated from the date on which control ceases. All inter-company transactions, balances, income and expenses have been eliminated on consolidation.

These condensed interim consolidated financial statements also include the Company's share of the jointly held assets, its jointly incurred liabilities, its share of the revenues and expenses of CanAlaska Korean Uranium Limited Partnership (“CKULP” or the “Partnership” or the “CKU Partnership”) and CanAlaska Korean Uranium Limited.

CanAlaska Uranium Ltd.

Notes to the Condensed Interim Consolidated Financial Statements For the six month period ended October 31, 2016

(Unaudited)

(Expressed in Canadian dollars except where indicated)

4 Cash and Cash Equivalents

	October 31, 2016 \$000's	April 30, 2016 \$000's
CKU Partnership funds	55	81
Cash in bank and other short term deposits	1,603	862
Total	1,658	943

CKU Partnership funds are held by the Company for expenditure on the properties held by the CKULP.

Cash and cash equivalents of the Company are comprised of bank balances and short-term investments, which are convertible to cash, with an original maturity of 90 days or less as follows:

	October 31, 2016 \$000's	April 30, 2016 \$000's
Cash	238	573
Cash equivalents	1,420	370
Total	1,658	943

5 Available-for-Sale Securities

	October 31, 2016		April 30, 2016	
	Carrying value \$000's	Market Value \$000's	Carrying value \$000's	Market Value \$000's
Pacific North West Capital Corp.	3	10	3	18
Mega Uranium Ltd.	3	7	3	8
Makena Resources Inc.	45	45	45	60
Copper Reef Mining Corp.	40	50	40	60
Northern Uranium Corp.	60	60	120	300
Other available-for-sale securities	466	379	46	102
Total	617	551	257	548

The Company reviews the carrying values of its available-for-sale securities, and after considering where the decreases on fair value were significant or prolonged, the Company recognized an impairment on available-for-sale securities of \$60,275 for the three months ended October 31, 2016 and \$60,425 for the six months ended October 31, 2016 (three months ended October 31, 2015: \$560,205 six months ended October 31, 2015: \$584,314).

CanAlaska Uranium Ltd.

Notes to the Condensed Interim Consolidated Financial Statements

For the six month period ended October 31, 2016

(Unaudited)

(Expressed in Canadian dollars except where indicated)

6 Property and Equipment

	Automotive \$000's	Leasehold improvements \$000's	Mining equipment \$000's	Office equipment \$000's	Total \$000's
Cost					
At May 1, 2015	25	270	842	452	1,589
Disposals	(17)	-	(36)	-	(53)
At April 30, 2016	8	270	806	452	1,536
Disposals	-	-	(9)	-	(9)
At October 31, 2016	8	270	797	452	1,527
Accumulated Depreciation and Amortization					
At May 1, 2015	(21)	(164)	(782)	(400)	(1,367)
Depreciation and amortization	(1)	(19)	(18)	(10)	(48)
Disposals	16	-	32	5	48
At April 30, 2016	(6)	(183)	(768)	(410)	(1,367)
Depreciation and amortization	-	(10)	(5)	(4)	(19)
Disposals	-	-	7	-	7
At October 31, 2016	(6)	(193)	(766)	(414)	(1,379)
Carrying Value					
At April 30, 2016	2	87	38	42	169
At October 31, 2016	2	77	31	38	148

On September 28, 2016, the Company entered into an agreement with Cracking River Logistics Inc. ("Cracking"). Cracking offered to purchase the company's La Ronge lease and certain property and equipment located in the La Ronge facility for \$310,000 on November 1, 2016. The sale of the La Ronge lease and property and equipment is subject to approval by the Ministry of Environment.

CanAlaska Uranium Ltd.

Notes to the Condensed Interim Consolidated Financial Statements

For the six month period ended October 31, 2016

(Unaudited)

(Expressed in Canadian dollars except where indicated)

7 Mineral Property Interests

The Company holds approximately 592,000 hectares of mining claims in the Athabasca Basin located across the provinces of Saskatchewan, Manitoba and Alberta in Canada. The holdings are comprised of 19 projects which are in various stages of exploration and discovery.

The Company also holds mining claims in British Columbia.

Details of acquisition costs and mineral property impairments for the twelve and six months ended April 30, 2016 and October 31, 2016 are as follows:

Project (\$000's)	May 1, 2015	Additions/ write-offs/ recoveries	April 31, 2016	Additions/ write-offs/ recoveries	October 31, 2016
Athabasca Basin					
Cree East (a)	-	-	-	-	-
West McArthur (b)	65	(65)	-	-	-
Fond du Lac	120	(120)	-	-	-
Grease River (c)	48	(31)	17	(17)	-
Key Lake	24	-	24	-	24
NW Manitoba	-	-	-	-	-
Poplar (d)	120	(33)	87	(85)	2
Helmer (e)	98	(39)	59	(24)	35
Lake Athabasca	91	(39)	52	-	52
Hodgson	7	3	10	-	10
Collins Bay	-	-	-	-	-
McTavish	74	-	74	-	74
Carswell	2	-	2	-	2
Ruttan	15	(15)	-	-	-
Patterson (f)	-	-	-	-	-
Cable Bay (g)	2	-	2	(1)	1
Other	45	(18)	27	-	27
Other					
Other Projects, Various (h)	25	23	48	3	51
Total	736	(334)	402	(124)	278

CanAlaska Uranium Ltd.

Notes to the Condensed Interim Consolidated Financial Statements For the six month period ended October 31, 2016

(Unaudited)

(Expressed in Canadian dollars except where indicated)

7 Mineral Property Interests (continued)

Summary of option payments receivable in the years ending April 30 ²	Cash \$000's	Total ² Spend ¹ \$000's	Shares
2017	50	2,830	6,000,000
2018	115	9,730	-
2019	-	11,730	-
Thereafter	100	43,505	1,000,000

¹Represents cumulative spend required not the spend per fiscal year to maintain certain interest in the Company's properties.

²Represents optionees' commitments to maintain certain interest in the Company's properties.

a) Cree East, Saskatchewan – Korean Consortium

Cree East consists of approximately 58,000 hectares of mineral claims in the Athabasca. In December 2007, the Company formed the CKU Partnership with the Korean Consortium ("Consortium") to develop Cree East. Under the terms of agreements, the Korean Consortium invested \$19.0 million towards the earn-in of a 50% ownership interest in the CKU Partnership over a four year period (April 30, 2016: 50%). The Company acts as the operator for the exploration project and earns a management fee of 10% of the exploration expenditures incurred. The total expenditures on the property for the six months ended October 31, 2016 and 2015 was approximately \$47,000 and \$24,000 respectively and has a carrying value of \$nil.

b) West McArthur, Saskatchewan - Cameco Corporation

West McArthur consists of approximately 36,000 hectares of mineral claims in the Athabasca. In April 2007, the Company optioned the claims to Mitsubishi Development Pty Ltd. ("Mitsubishi") whereby Mitsubishi could exercise an option to earn a 50% interest in the property by funding expenditures of \$10.0 million and by making a \$1.0 million payment upon completion of the \$10.0 million funding requirement. In February 2010, Mitsubishi exercised their option with a payment to the Company of \$1.0 million and an unincorporated 50/50 joint venture was formed between the parties to pursue further exploration and development of the property. The Company acted as project operator and earns a fee (between 5% and 10%) based on the expenditures incurred.

On January 13, 2016, the Company entered into a buy back agreement for the 50% interest in the West McArthur project held by Mitsubishi. The Company agreed to a staged cash payment of \$600,000 (\$600,000 paid) and a 1% royalty arrangement.

In February 2016, the Company entered into an option agreement with Cameco Corporation for cash payments up to \$1.25 million (\$725,000 received) and staged property expenditures of up to \$11.25 million to earn up to 60% interest in the project.

The total expenditures on the property for the six months ended October 31, 2016 and 2015 was approximately \$nil and \$30,000 respectively and has a carrying value of \$nil.

CanAlaska Uranium Ltd.

Notes to the Condensed Interim Consolidated Financial Statements

For the six month period ended October 31, 2016

(Unaudited)

(Expressed in Canadian dollars except where indicated)

7 Mineral Property Interests (continued)

c) Grease River, Saskatchewan

In July 2016, the Company recognized an impairment on its Grease River claims of approximately \$17,000 as it did not renew its permits on this claim.

d) Poplar, Saskatchewan

In May, July and October 2016, the Company recognized an impairment on certain of its Poplar claims of approximately \$85,000 as it did not renew its permits on these claims.

e) Helmer, Saskatchewan

In June 2016, the Company recognized an impairment on certain of its Helmer claims of approximately \$24,000 as it did not renew its permits on these claims.

f) Patterson, Saskatchewan

As per the option agreement with Makena Resources Inc. ("Makena") for our Patterson property, in June 2016, the Company received a cash payment of \$15,000.

g) Cable Bay, Saskatchewan

In October 2016, the Company recognized an impairment on certain of its Cable Bay claims of approximately \$1,000 as it did not renew its permits on these claims.

h) Other Projects

West Athabasca Kimberlite, Saskatchewan

On May 16, 2016, the Company entered into a multi-stage \$20.4 million option-participation agreement with De Beers Canada Inc. on the Western Athabasca Kimberlite project which grants De Beers an option to acquire up to 90% interest in the project.

On May 20, 2016, the Company entered into an option agreement with Fjordland Exploration Inc. on 2 claim blocks in our Western Athabasca Kimberlite project. Fjordland Exploration Inc. may earn a 100% interest in the project by making payment of \$50,000 (\$5,000 received), issuing 4,000,000 (received) common shares and completing work commitments of \$100,000 by December 31, 2017. The Company reserves a 4% Gross Overriding Royalty for diamonds and a 2% Net Smelter Royalty for other minerals.

In September 2016, the Company acquired 2 claim blocks totalling 8,559 hectares located in the western Athabasca Basin for \$5,135.

CanAlaska Uranium Ltd.

Notes to the Condensed Interim Consolidated Financial Statements

For the six month period ended October 31, 2016

(Unaudited)

(Expressed in Canadian dollars except where indicated)

7 Mineral Property Interests (continued)

Alberta Diamond, Alberta

During the three months ended July 31, 2016, the Company acquired 3 claim blocks totalling 26,112 hectares located northwest of the Cluff Lake uranium mine for \$1,875.

West Carswell, Saskatchewan

On August 16, 2016, the Company entered into an option agreement with Canterra Minerals Corporation ("Canterra") on our West Carswell property located in the western Athabasca Basin, Saskatchewan. Canterra may earn up to a 70% interest in the property by making payments totaling \$200,000 (\$30,000 received), issuing 3,000,000 common shares (2,000,000 received) and completing work commitments of \$5,000,000. The West Carswell property comprises approximately 4,800 hectares within the west Athabasca Kimberlite trend and is located 10 km northwest of the Cluff Lake Uranium Mine in the Athabasca Basin.

8 Share Capital

The Company has authorized capital consisting of an unlimited amount of common shares without par value.

Share Issuances

- a) On July 8 2016, the Company completed a non-brokered private placement and issued 2,000,000 units at a price of \$0.56 per unit for gross proceeds of \$1,120,000. Each unit consists of one common share and one share purchase warrant. Each share purchase warrant entitles the holder to purchase one additional common share for a period of two years from the closing date, at a price of \$0.70 per share, provided that if the closing price of the Company's listed shares on the TSX-V exceeds \$1.00 per share for 10 consecutive trading days then thereafter the exercise period of the share purchase warrant will be reduced to a period of 10 calendar days following the date express written notice of such acceleration is provided by the Company to the warrant holder. The Company paid total finder's fee of \$78,400 and issued 140,000 finder's warrants in connection with this placement. The finder's warrants issued as part of this placement have been recorded at a fair valued of \$109,403 using the Black Scholes option pricing model.
- b) During the six months ended October 31, 2016, the Company issued 2,601,750 common shares from the exercise of stock options for proceeds of \$376,298.

CanAlaska Uranium Ltd.

Notes to the Condensed Interim Consolidated Financial Statements

For the six month period ended October 31, 2016

(Unaudited)

(Expressed in Canadian dollars except where indicated)

9 Share Stock Options and Warrants

The Company has a stock option plan that permits the granting of stock options to directors, officers, key employees and consultants. Terms and pricing of options are determined by management at the date of grant. A total of 10% of the issued and outstanding common shares of the Company may be allotted and reserved for issuance under the stock option plan.

	Number of options 000's	Weighted average exercise price \$
Outstanding - May 1, 2015	4,021	0.16
Granted	105	0.19
Exercised	(459)	0.25
Outstanding – April 30, 2016	3,667	0.16
Granted	1,510	0.41
Exercised	(2,602)	0.14
Outstanding – October 31, 2016	2,575	0.33

As at October 31, 2016, the following stock options were outstanding:

	Number of options outstanding 000's	Number of options exercisable 000's	Exercise price	Expiry date (Fiscal Year)
	750	750	\$0.25	2018
	1,710	1,710	\$0.12 - \$0.41	2019
	60	60	\$0.12	2020
	55	55	\$0.20	2021
Total	2,575	2,575		

For the three months ended October 31, 2016, total share-based compensation expense was \$397,104 (October 31, 2015: \$nil). For the six months ended October 31, 2016, total share-based compensation expense was \$397,104 (October 31, 2015: \$12,993).

Warrants

	Number of warrants 000's	Weighted average exercise price \$
Outstanding - May 1, 2015	-	-
Outstanding – April 30, 2016	-	-
Granted	2,140	0.70
Expired	-	-
Outstanding – October 31, 2016	2,140	0.70

CanAlaska Uranium Ltd.

Notes to the Condensed Interim Consolidated Financial Statements For the six month period ended October 31, 2016

(Unaudited)

(Expressed in Canadian dollars except where indicated)

9 Share Stock Options and Warrants (continued)

At October 31, 2016, the following warrants were outstanding:

	Number of warrants outstanding 000's	Exercise price \$	Expiry date
	2,140	\$0.70	July 8, 2018 ¹
Total	2,140		

¹Expiry date of warrants will be on July 8, 2018, provided that if the closing price of the Company's listed shares on the TSX Venture Exchange exceeds \$1.00/share for 10 consecutive trading days then thereafter the exercise period of the warrants will be reduced to a period of 10 calendar days following the date express written notice of such acceleration is provided by the Company.

Option and warrant pricing models require the input of highly subjective assumptions including the expected volatility. Changes in the assumptions can materially affect the fair value estimate, and therefore, the existing models do not necessarily provide a reliable measure of the fair value of the Company's stock options and warrants. The Company's expected volatility is based on the historical volatility of the Company's share price on the Toronto Stock Exchange or the TSX Venture Exchange. The following assumptions were used in the Black-Scholes option pricing model to calculate the compensation expense for the six months ended October 31, 2016:

	Warrants	Options
Weighted average fair value	\$0.78	\$0.26
Forfeiture rate	0%	15.4%
Risk-free interest rate	0.47%	0.58%
Expected life	2.0 years	2.0 years
Expected volatility	40%	129.3%
Expected dividend	0%	0%

CanAlaska Uranium Ltd.

Notes to the Condensed Interim Consolidated Financial Statements For the six month period ended October 31, 2016

(Unaudited)

(Expressed in Canadian dollars except where indicated)

10 Related Party Transactions

Related parties include the Board of Directors and Officers of the Company and enterprises which are controlled by these individuals.

The remuneration of directors and key management of the Company for the three and six months ended October 31, 2016 and 2015 were as follows. Certain compensation is paid to Schimann Consultants, a company controlled by a director and VP of Exploration.

(\$000's)	Three months ended October 31		Six months ended October 31	
	2016	2015	2016	2015
	\$	\$	\$	\$
Employment benefits	79	71	196	143
Schimann Consultants	34	34	83	68
Directors fees	-	-	80	-
Share-based compensation	364	-	364	7

The directors and key management were awarded the following share options under the employee share option plan during the six months ended October 31, 2016:

Date of grant	Number of options	Exercise price	Expiry
October 5, 2016	1,385,000	\$0.41	October 5, 2018

11 Commitments

The Company has the following commitments in respect of operating leases for office space, land, or vehicle:

Fiscal Year Ending	Total \$000's
2017	19
2018	36
2019	23
2020	5
Thereafter	37
Total	120

CanAlaska Uranium Ltd.

Notes to the Condensed Interim Consolidated Financial Statements

For the six month period ended October 31, 2016

(Unaudited)

(Expressed in Canadian dollars except where indicated)

12 Management of Capital

The Company considers its capital to consist of common shares, stock options and warrants. 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 exploration of its mineral properties and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk.

The Company manages the capital structure and makes adjustments to it in light of changes in 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 and, acquire or dispose of assets.

In order to maximize ongoing exploration efforts, the Company does not pay out dividends. The Company's investment policy is to invest its short-term excess cash in highly liquid short-term interest bearing investments with short term maturities, selected with regards to the expected timing of expenditures from continuing operations.

13 Subsequent Events

- a) On November 4, 2016, the option agreement with Makena for our Patterson property was terminated.
- b) On November 14, 2016, the Company issued 200,000 common share from the exercise of stock options for proceeds of \$24,000.