

## **CanAlaska Uranium Ltd.**

CVV - TSX CVVUF - OTCBB DH7N – Frankfurt

# Management Discussion and Analysis For the Second Quarter and Six Months Ended October 31, 2015

**Dated December 15, 2015**

For further information on the Company reference should be made to the Company’s public filings which are available on SEDAR. Information is also available at the Company’s website [www.canalaska.com](http://www.canalaska.com). In addition, reference should be made to the risk factors section of the most recently filed Annual Information Form (“AIF”) or the Company’s audited consolidated financial statements for the year ended April 30, 2015. The following information is prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the IASB and denominated in Canadian dollars, unless otherwise noted. This MD&A should be read in conjunction with the Company’s unaudited condensed interim consolidated financial statements for the six months ended October 31, 2015.

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*This MD&A contains forward-looking information. Refer to Section 6 “Forward-Looking Statements” and “Risks Factors” for a discussion of the risks, uncertainties and assumptions relating to such information.*



**1. OVERVIEW OF THE COMPANY**

- ✓ Over 22 projects covering 647,000 hectares focused on Uranium (section 1.1)
- ✓ Cash resources of \$1.2 million (as at October 31, 2015)
- ✓ 22,068,136 common shares issued and outstanding (December 15, 2015)

The Company has responded to the drop in market activity and values since the Fukushima nuclear incident by actively marketing its expertise and uranium exploration projects to industry and end users for project financings or sales. There has been a slow resurgence in interest, and at the end of the first quarter of our 2016 fiscal year, some renewed interest from North American and Chinese industry groups in response to the Canada-China nuclear accord. Management has continued with evaluating its priorities, taken steps to streamline non-discretionary expenditures, continued its efforts to raise funds and continue to explore all opportunities to sell and/or joint venture its properties. 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. From time to time, the Company will evaluate new properties and direct activities to these based on the Board of Director’s evaluation of financial and market considerations at the time.

**1.1 Profile and Strategy**

The Company is an exploration stage company engaged in the acquisition and exploration of mineral properties, principally in Canada. The Company aims to acquire and advance its projects to a stage where they can be exploited at a profit or it can arrange joint ventures, whereby other companies provide funding for development and exploitation. The Company’s principal focus has been the exploration for high-grade uranium deposits in the Athabasca Basin area of Saskatchewan. There are four projects on which the Company has expended most of its recent efforts. Three of these projects, West McArthur, Cree East and Fond Du Lac are 50% joint ventures, and the fourth, NW Manitoba, is currently under option to Northern Uranium Corp (“Northern Uranium”). Going forward it is expected that the Company will focus its effort on two of the projects, West McArthur and Cree East. The Company is actively marketing the remainder of its projects for option, joint venture or sale.

**Table 1: Canadian Strategic Property Summary**

<b>Property / Project Name</b>	<b>Notes</b>	<b>Hectares</b>	<b>LTD Expenditures</b>
West McArthur	Ventured with Mitsubishi	36,000	<b>\$19,732,000</b>
Cree East	Ventured with Korean Consortium	58,000	<b>\$19,261,000</b>
NW Manitoba	Option with Northern Uranium Corp.	144,000	<b>\$7,272,000</b>
Fond Du Lac	Option with Fond Du Lac Denesuline	10,000	<b>\$4,550,000</b>
<b>TOTAL</b>			<b>\$50,815,000</b>

In the Athabasca Basin, the Company’s most advanced projects are those which the Company has under joint venture with Japanese and Korean entities. The Company has a strong in-house exploration team along with outside consultants which it can access and has established strategic exploration funding relationships with MC Resources Canada, a wholly owned subsidiary of Japan’s Mitsubishi Corporation Ltd. (“Mitsubishi”) on the West McArthur project. On the Cree East project, the Company is the Operator of a 50% joint venture with a Korean Consortium comprised of Hanwha Corp., Korea Resources Corp. (“KORES”), Korea Electric Power Corporation (“KEPCO”), and SK Networks Co. Ltd.

Throughout the region, the Company controls an exploration portfolio of 19 projects totalling over 2,491 square miles (645,000 hectares) and has a land position that rivals the combined holdings of established uranium producing giants, Cameco Corporation and Areva. The largest of these projects is the NW Manitoba Project, located just east of the Saskatchewan-Manitoba provincial border. In 2012, the Company re-started exploration at the NW Manitoba project, after waiting since 2007 for the Manitoba government approvals related to community consultation. In early 2012, the Company completed an operating MOU with the local community and geophysics work and target definition started in March 2012. At the current time, the Company has optioned the project to Northern Uranium. Northern Uranium may earn an 80% interest in the project by carrying out a three stage \$11.6 million exploration program (see section 2.2.3).



In addition, CanAlaska is the operator of a joint venture with the Fond Du Lac Denesuline community over an area which covers the historic Fond Du Lac uranium deposit, and where the Company has extended the target area to the east, with a drill intercept of 40.4 metres grading 0.32% uranium.

The Company's exploration activities are managed through CanAlaska offices maintained in Vancouver, BC (Head Office) and La Ronge, Saskatchewan (Field Support and Equipment Warehouse).

The Company believes that the fundamentals of the nuclear power industry and the economic superiority of uranium over other energy fuels will ensure the long-term future of global uranium markets and prices. Since 2004, CanAlaska has expended over \$78 million on exploration and research towards the advancement of uranium discovery on our current project areas. The information gained from this work has provided the Company with significant evidence about the nature and location of mineral rich hydrothermal systems in areas of the Athabasca where previous information was lacking. The increase in understanding of the geology of the target areas, and the integration of modern geophysical methods with data processing to get more precise target definition at depth gives management the confidence to continue exploration for large scale uranium deposits on our projects.

As of December 14, 2015, the Company had 22,068,136 shares outstanding with a total market capitalization of \$2.1 million. The Company's shares trade on the TSX Venture Exchange ("CVV") and are quoted on the OTCQB in the United States ("CVVUF") and the Frankfurt Stock Exchange ("DH7N"). On December 30, 2013, the Company's shares commenced trading on the TSX Venture Exchange and ceased trading on the Toronto Stock Exchange. On September 2, 2014, the Company's shares were approved for trading in the United States on the OTCQB Marketplace. In May 2015, the Company deregistered from its reporting obligations with the United States Securities and Exchange Commission (the "SEC"). The Company filed a Form 15F with the SEC on May 8, 2015. The termination of the registration of its common shares under Section 12(g), and the termination of its reporting obligations under Section 13(a), of the Exchange Act.

The consolidated financial statements and the Management Discussion and Analysis have been prepared under IFRS applicable to a going concern, which contemplates the realization of assets and settlement of liabilities in the normal course of business. For the six months ended October 31, 2015, the Company reported a loss of \$1 million and as at that date had cash and cash equivalents of \$1.2 million, net working capital balance of \$1.5 million and an accumulated deficit of \$81.7 million. The Company is continuing to pursue a number of financing alternatives including selling and or joint venturing some of its properties.

The Company's ability to continue as a going concern is dependent upon its ability to obtain additional funding from debt, equity or through other arrangements. 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. The above factors cast doubt regarding the Company's ability to continue as a going concern.

## 1.2 Strategic and Operating Intent

- Look at equity financing options over the next few months either in the form of hard dollars or flow-through
- Targeted marketing of uranium projects for financing
- Restriction of uranium exploration activity until financial markets recover in this sector
- Strong commitment to option, project joint venture or sale of individual exploration projects
- Evaluate alternate commodities and projects suitable for market financing, or acquisition and sale
- Company believes that it has the projects, strategic partners, people and knowledge base, corporate treasury and fund raising ability to maintain a position in the uranium exploration sector, but, due to increasingly difficult market conditions facing junior mining and junior uranium exploration companies, management has taken steps to streamline non-discretionary expenditures and financial overheads
- The Company has tax loss carry-forwards of approximately \$9 million and cumulative Canadian exploration expenses of approximately \$18 million
- Our Korean partners have contributed all of their \$19.0 million funding commitment towards the Cree East project, but have requested a slow-down in expenditures, or introduction of an incoming partner
- At the West McArthur project, exploration is being carried out under a 50/50 joint venture with MC Resources Canada ("MCRC"), a wholly owned subsidiary of Mitsubishi Corporation, and CanAlaska which may be deferred in 2014/2015 to await better market conditions



## 2. MILESTONES AND PROJECT UPDATES

### 2.1 Overview– May 1, 2015 to December 15, 2015

- Drilling to commence at Patterson West (November 2015)
- Northern Uranium elected to acquire an 80% interest in the NW Manitoba by incurring further expenditures of \$5.6 million (September 2015)
- Northern Uranium intersects two highest gamma radiation drill results to date (August 2015)
- Northern Uranium commences summer drill program at NW Manitoba (June 2015)
- Received Bayswater shares and NSR for Collins Bay Extension project (June 2015)
- Drilling at Maguire confirms large alteration system, drilling to continue in June with two diamond rigs (May 2015)
- Deregistration from reporting requirements in the United States (May 2015)
- Sells two diamond prospects in Pikoo region and Alaska Gold subsidiary (May 2015)

In November 2015, the Company reported that it has been informed by Makena Resources that drilling crews are on site, and drilling is about to commence at the Patterson West project. Drilling will test an intense 1.5 kilometre by 0.5 kilometre gravity anomaly situated along a major geological domain boundary.

In September 2015, the Company reported that Northern Uranium has elected to acquire an 80% interest in the Company's NW Manitoba project by incurring further expenditures of \$5.6 million on the project over the next two years. Northern Uranium exercised its option to acquire 70% interest in the property having reported it spent \$6 million on property exploration. Northern Uranium has issued CanAlaska a further 5 million shares and 2.5 million share purchase warrants.

In August 2015, the Company reported that Northern Uranium received high gamma radiation results in two holes which were completed in the northern zone of anomalous gravity, resistivity and AlphaTrack radon cups on land. Northern Uranium is pleased with the increasing strength of the radioactivity being detected at depth and toward the southeast within the South Anomaly.

In June 2015, the Company reported that Northern Uranium has commenced its summer drill program at Maguire Lake utilizing two large core drills. One drill is testing the extension of the newly discovered 100 metre wide by 300 metre strike length hydrothermal alteration zone beneath Maguire Lake. The second drill is targeting another gravity low with a sympathetic resistivity low and RadonEX radon-in-water anomaly adjacent to the shore of the lake.

In June 2015, the Company reported that it had entered into an agreement with Bayswater Uranium to terminate its Collins Bay Extension project option. In consideration, the Company will receive 2 million common shares of Bayswater Uranium and a 2.5% net smelter returns royalty. The Company previously had the right to earn a 70% interest in the project. This agreement facilitated a transaction where Bayswater Uranium can enter into an agreement for the sale of the property.

In May 2015, the Company reported drilling by Northern Uranium on the Company's 50% owned NW Manitoba project continues to intersect a substantial hydrothermal alteration zone at Maguire Lake. The hydrothermal system has multiple structures over a 100 metre width and has been defined so far over a 300 metre strike length. A summer drill program with two diamond drill rigs started in June to test multiple targets.

In May 2015, the Company deregistered from its reporting obligations with the United States Securities and Exchange Commission (the "SEC"). The Company filed a Form 15F with the SEC on May 8, 2015. The termination of the registration of its common shares under Section 12(g), and the termination of its reporting obligations under Section 13(a), of the Exchange Act.

In May 2015, the Company reported the sale of its C2 and C3 diamond claims to Copper Reef Mining Corporation. The two properties are located in the Pikoo diamond-bearing district in Eastern Saskatchewan. The terms of the sales included 1,000,000 shares of Copper Reef Mining. The Company will retain a 2.5% NSR over which Copper Reef has a right of first refusal. Also, the Company reported the sale of its US subsidiary which held ownership interest in the Rainbow Hill project in Alaska to non-related private interests for a cash payment of US\$50,000.



## 2.2 Project Updates

### Overview

The Company currently has 19 projects within the Athabasca basin area and has carried out exploration programs on two of these in the past year. In the first six months of fiscal 2016, the Company spent approximately \$97,000 (\$125,000 net of \$28,000 from reimbursements from partners) on exploration costs in the Athabasca Basin area.

Exploration spending in the first two quarter of 2016 is down slightly from the same comparative quarters of 2015, as the Company had reduced its exploration spend to conserve cash. In the second quarter, the Company historically spent the summer months interpreting data and preparing for its winter programs.

The following table summarizes the Company's expenditures for the six months ended October 31, 2015.

<b>Table 2: (\$000's)</b>							
<b>Total Exploration</b>	<b>Cree East</b>	<b>West McArthur</b>	<b>Fond du Lac</b>	<b>NW Manitoba</b>	<b>Other Athabasca Basin Projects</b>	<b>Other and Generative Projects</b>	<b>Total</b>
Camp Cost & Operations	-	-	-	-	-	-	-
Drilling	-	-	-	-	-	-	-
General & Admin	21	17	-	-	2	63	103
Geochemistry	-	-	-	-	-	5	5
Geology	-	-	-	-	-	1	1
Geophysics	-	-	-	-	-	-	-
Other	3	13	-	-	-	-	16
<b>Gross Expenditures</b>	<b>24</b>	<b>30</b>	<b>-</b>	<b>-</b>	<b>2</b>	<b>69</b>	<b>125</b>
Reimbursement	(12)	(16)	-	-	-	-	(28)
<b>Net Expenditures</b>	<b>12</b>	<b>14</b>	<b>-</b>	<b>-</b>	<b>2</b>	<b>69</b>	<b>97</b>

The following section contains a comparative breakdown of project expenditures for the Company's significant projects. Reimbursements represents the amounts received from our joint venture partners and option partners to be applied against the expenditures for the project.

**2.2.1 West McArthur Project, Saskatchewan – Mitsubishi**

The West McArthur project in the Athabasca Basin, Saskatchewan, was optioned in April 2007 to Mitsubishi Development Pty Ltd., a subsidiary of Mitsubishi Corporation of Japan. Under the option agreement, Mitsubishi could exercise an option to earn a 50% interest in the property by investing \$11.0 million. In February 2010, Mitsubishi exercised their option with a payment to the Company and an unincorporated 50/50 joint venture was formed between the parties to pursue further exploration and development of the property. As at October 31, 2015, the Company holds a 50% interest in the West McArthur project. Mitsubishi holds the remaining 50% interest in the property. The Company acts as project operator under the supervision and guidance of Dr. Karl Schimann, P. Geo. and Mr. Peter Dasler, P. Geo. and earns a fee between 5% and 10%, based on expenditures incurred. Included within Other expenses are management fees charged to and reimbursed by Mitsubishi for CanAlaska acting as the project operator.

<b>West McArthur Project</b>	<b>Quarterly</b>								<b>LTD</b>
	<b>Q314</b>	<b>Q414</b>	<b>Q115</b>	<b>Q215</b>	<b>Q315</b>	<b>Q415</b>	<b>Q116</b>	<b>Q216</b>	
Camp Cost & Operations	-	-	-	-	-	-	-	-	2,976
Drilling	-	-	-	-	-	-	-	-	6,745
General & Admin	10	11	8	26	7	15	8	9	2,206
Geochemistry	-	-	-	-	-	-	-	-	339
Geology	-	-	-	-	-	-	-	-	1,000
Geophysics	-	-	-	-	-	-	-	-	5,775
Other	-	-	1	1	-	1	1	12	691
<b>Gross Expenditures</b>	<b>10</b>	<b>11</b>	<b>9</b>	<b>27</b>	<b>7</b>	<b>16</b>	<b>9</b>	<b>21</b>	<b>19,732</b>
Reimbursement	(5)	(6)	(5)	(14)	(2)	(8)	(5)	(11)	(14,273)
<b>Net Expenditures</b>	<b>5</b>	<b>5</b>	<b>4</b>	<b>13</b>	<b>5</b>	<b>8</b>	<b>4</b>	<b>10</b>	<b>5,459</b>

The West McArthur project is located between 6 and 30 kilometres west of the producing McArthur River uranium mine operated by Cameco Corp, and covers approximately 36,000 hectares. On the property there is evidence of hydrothermal alteration extending well into the sandstone, matching the typical alteration model of Athabasca unconformity style uranium deposits. There is evidence of uranium mineralization from drill testing in multiple areas, either as enrichment at the unconformity or in basement stringers. The most compelling features for further exploration are the uranium values in sandstone higher in the stratigraphy, the hematized and broken rock in the sandstone, and the pattern of basement offsets and geophysical conductivity.

The project is accessible during the winter drill season by seasonal winter ice roads and winter trails and during the summer exploration season by air and water. There is no physical plant or permanent infrastructure on the property and no source of power. There are multiple extensive lakes which can provide a source of water for the project.

The mineral rights for West McArthur were acquired between October 2004 and February 2009 from the Ministry of Energy and Resources in the province of Saskatchewan, Canada. The claim numbers are as follows, S-107561, S-107562, S-107563, S-107565, S-107773, S-108010, S-108011, S-108012, S-111412 S-111413, S-111511 and S-111512. The mineral rights to West McArthur are valid and in good standing with the earliest claim requiring renewal in October 2029 with no further exploration expenditures required. An annual assessment report is required to be filed by the Company with the Ministry of Energy and Resources to disclose the exploration activities on this claim. There is no fee for filing the annual assessment report.

In April 2012, the Company announced a preliminary summary of drilling at its West McArthur project. Seven diamond drill holes were completed in February and March 2012, to test a series of individual zones where the resistivity lows were coincident with the EM conductors within the Grid 5 area. Total meterage drilled in the season was 6,422 metres, including one abandoned drill hole. The winter 2012 drill programme has demonstrated on Grid 5 the presence of requisite geological environment for unconformity uranium deposits. Significant faulting and fracturing are present in a number of drill holes, with individual radioactive spikes or elevated radioactivity in zones of hydrothermal alteration.

In June 2012, the Company reported the results of drill core geochemistry on the West McArthur property. Drill holes WMA028 and WMA034 produced very positive results for uranium. Both intersected parts of a highly-altered graphitic pelite unit and are thought to be within 50 metres of the targeted conductor, which was identified from the down-hole geophysical surveys. The targets generated at the eastern end of Grid 5 matched and extended a historical conductor, which was drill-tested by Uranerz in 1989. Neither of the two historical drill holes intersected their targeted basement conductor, but, significantly, contained dravite clay and pyrite along with narrow, steep, clay rich fault gouges/breccia in the top 350-400 metres of the sandstone column. In one historical hole, the upper 400



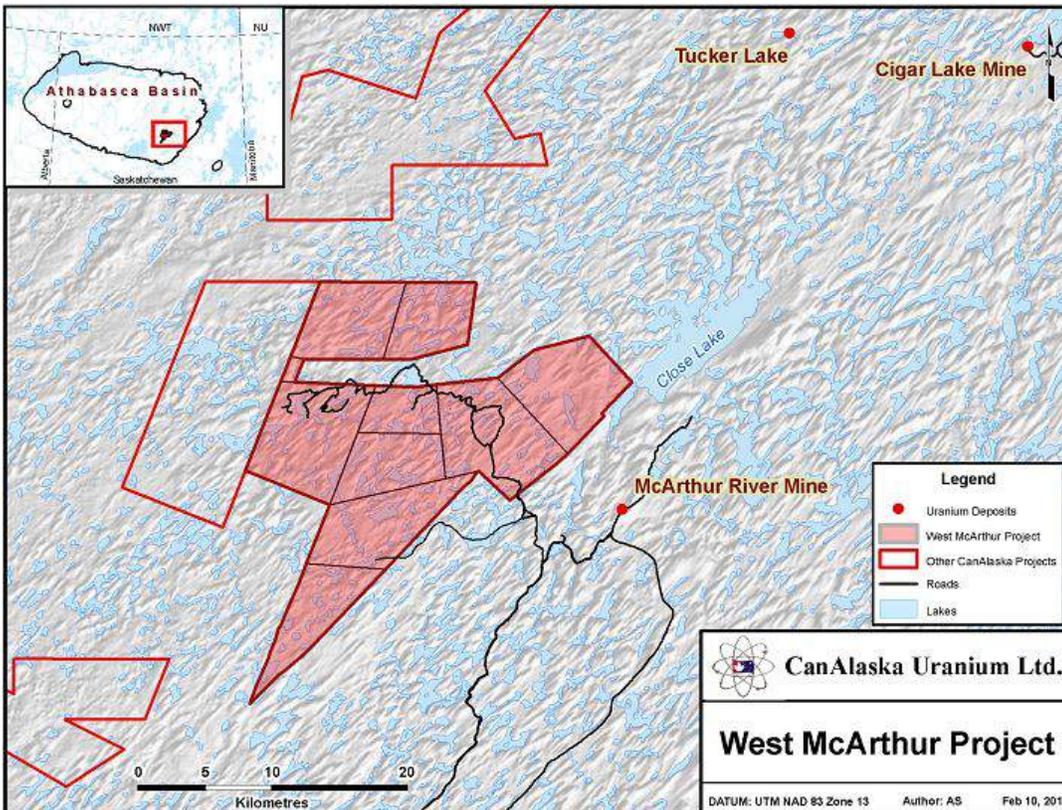
metres of sandstone showed anomalous uranium and trace elements. Drill holes WMA028 and WMA034 are located in this area. Both show deep alteration into the basement rocks, indicating and confirming a substantial hydrothermal alteration system.

The potential of this project is for unconformity style uranium mineralization of both the Simple (Low REE, basement hosted) and the Complex (High REE, Sandstone hosted) types of uranium. Previous exploration was hampered by the depths to the basement, however, recent advances with airborne geophysical survey technology has enabled penetration to those depths. Multiple exploration programs since 2005 have identified targets with strong geophysical feature, similar to those near existing uranium mines. Limited drill testing in several of these areas have shown the basement offsets, hydrothermal clay alteration, and elevated uranium geochemistry consistent with the Athabasca unconformity deposit model. The project has four target areas which are being evaluated for further drill testing.

The property has undergone a series of exploration programs, including extensive geophysics and drilling of over 35 drill holes since 2005. Approximately \$19.7 million has been spent by the joint venture.

The next drill programs are dependent on financing. The project does not have a drill program planned for 2015. Active full season programs of 6-9 drill holes are generally budgeted at \$3 to \$4 million, including drill geophysics, camp and logistics. The project currently has a maintenance budget of approximately \$100,000 for 2014 which will be funded 50% by CanAlaska and 50% by Mitsubishi.

As at October 31, 2015, the total exploration costs incurred for the West McArthur project was \$19.7 million. Further exploration expenditures for this project has been deferred in 2013/2014 to await better capital market conditions in order to raise exploration funds. The West McArthur property is without known reserves and any proposed program is exploratory in nature.





### 2.2.2 Cree East Project, Saskatchewan – Korean Consortium

The Cree East project is located in the south-eastern portion of the Athabasca Basin, 35 kilometres west of the formerly producing Key Lake mine and 5 to 22 kilometres north of the south rim of the Athabasca Basin. The project is comprised of 17 contiguous mineral claims totalling approximately 58,000 hectares. In December 2007 a Korean Consortium (Hanwha Corp., Korea Electric Power Corp., Korea Resources Corp. and SK Networks Co. Ltd.), agreed to spend \$19.0 million on the properties to earn into a 50% interest in the Cree East project.

As of October 31, 2015, the Korean Consortium has contributed its \$19.0 million towards exploration of the project and holds a 50% ownership interest in both CanAlaska Korea Uranium Ltd. and the Canada-Korea Uranium Limited Partnership. The remaining 50% interest is held by CanAlaska. The following table summarizes the Korean Consortium expenditures and advances by quarter and life to date (“LTD”) on the project. The table does not include a \$1.0 million payment made directly to CanAlaska in 2007 (\$0.6 million) and 2010 (\$0.4 million) for intellectual property associated with the project. As at October 31, 2015, the Company is holding approximately \$101,000 of joint venture funds.

Cree East Project	Quarterly								LTD
	Q314	Q414	Q115	Q215	Q315	Q415	Q116	Q216	
Camp Cost & Operations	(13)	-	(6)	7	(1)	-	-	-	3,332
Drilling	-	-	-	-	-	-	-	-	6,740
General & Admin	5	9	15	25	7	8	10	11	578
Geochemistry	-	-	11	52	1	-	-	-	601
Geology	-	-	-	-	-	2	-	-	1,585
Geophysics	-	151	4	-	(59)	-	-	-	3,355
Management Fees	-	17	6	8	(5)	2	2	1	1,588
Other	-	7	10	1	-	12	-	-	1,482
<b>Net Expenditures</b>	<b>(8)</b>	<b>184</b>	<b>40</b>	<b>93</b>	<b>(57)</b>	<b>12</b>	<b>12</b>	<b>12</b>	<b>19,261</b>

The project is accessible during the winter drill season by seasonal winter ice roads and winter trails and during the summer exploration season by air and water. There is no physical plant or permanent infrastructure on the property and no source of power. There are multiple extensive lakes which can provide a source of water for the project.

The mineral rights for Cree East were acquired between November 2004 and June 2010 from the Ministry of Energy and Resources in the province of Saskatchewan, Canada. The claim numbers are as follows, S-107757, S-107774, S-107775, S-107776, S-107777, S-107778, S-107779, S-107780, S-108357, S-108358, S-108382, S-108383, S-108384, S-108385, S-108386, S-108387 and S-111809. The mineral rights to Cree East are valid and in good standing with the earliest claim requiring renewal in September 2025 with no further exploration expenditures required. An annual assessment report is required to be filed by the Company with the Ministry of Energy and Resources to disclose the exploration activities on this claim. There is no fee for filing the annual assessment report.

The project area covers Athabasca group conglomerates and sandstones. Sandstone unconformity overlies basement at depths in the order of 200 to 300 metres in the south. Structural breaks which trend across the across the property further drop the basement to estimated depths of 800 to 900 metres across the northern edge of the property. The basement is composed of the Lower Proterozoic, (Trans Hudson) Mudjatik domain, granitoids and associated minor supercrustals (psammites, pelites and metavolcanics). A significant portion of the property is considered to be underlain by rocks of the highly prospective Wollaston Domain.

In May 2012, the Company reported receipt of uranium assay results and trace element geochemistry for the winter drill program on the Cree East project. The results confirm the anomalous multi-element enrichments in the large alteration zone identified at Zone B and additional gold and uranium mineralization in drill hole CRE080, which intersected mineralized iron formation at Zone J.

The property has undergone extensive exploration since 2005 with \$19.3 million expended on surveys, extensive geophysical testing and over 70 drill holes testing targets.

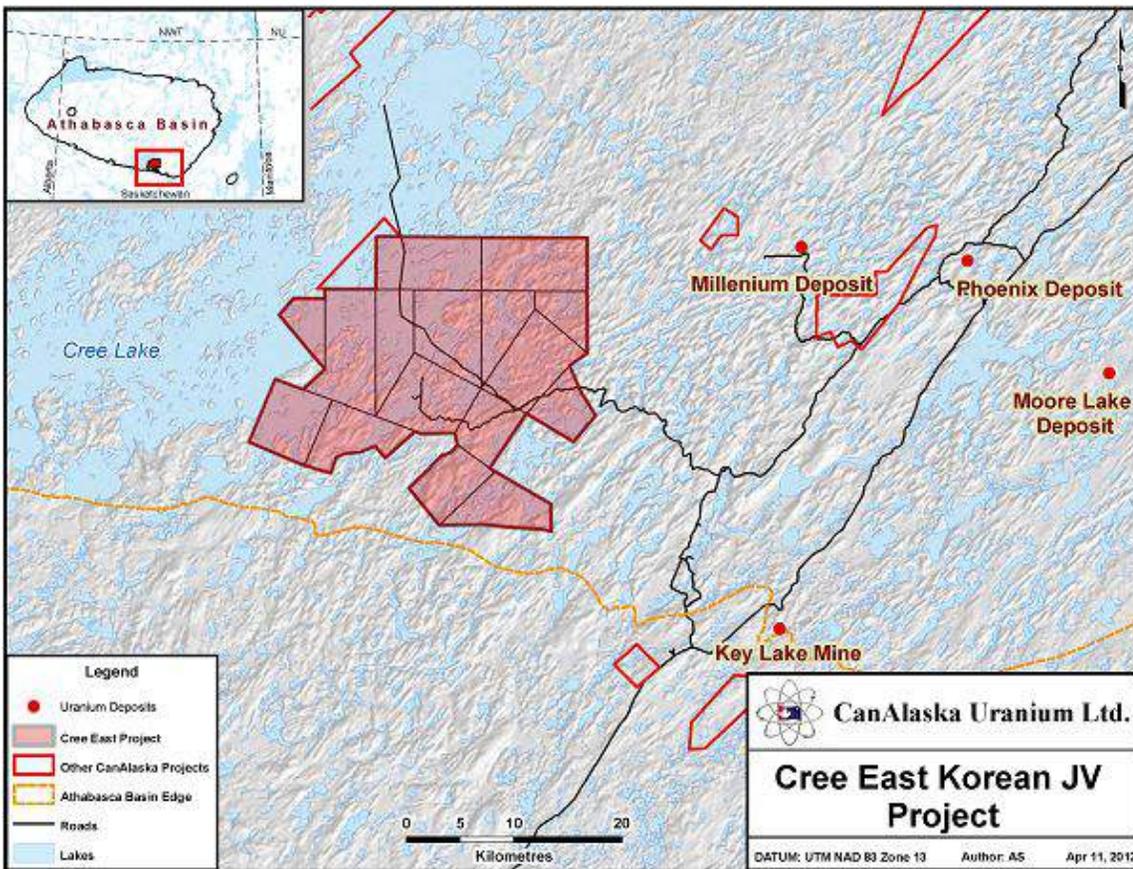
The potential of this project is for unconformity style uranium mineralization of both the Simple (Low REE, basement hosted) and the Complex (High REE, Sandstone hosted) types of uranium. The area has numerous conductors and faults which act as both the conduit and the trap for potential uranium mineralization. A number of structures and conductive targets have been identified from the Company's exploration efforts.



The next substantial work programs on the property will consist mainly of drill testing the current targets. Active full season programs of 15-18 drill holes are generally budgeted at \$3 to \$4 million, including drill geophysics, camp and logistics. The project currently has a maintenance budget of approximately \$100,000 for 2015.

Under the Cree East agreement, CanAlaska is entitled to charge an operator fee of 10% to recoup its indirect costs associated with the project, which the Company recognizes as management fees. CanAlaska acts as project operator under the supervision and guidance of Dr. Karl Schimann, P. Geo. and Mr. Peter Dasler, P. Geo.

As at October 31, 2015, the total exploration costs incurred for the Cree East project was \$19.3 million. In March 2014 the Joint Venture carried out geophysical surveys over the Zone B target area. This surveying was in preparation for a proposed summer drill program. The summer drill program was dependent upon financing by CanAlaska or others. The Korean Consortium and CanAlaska are actively marketing the Cree East project for option or joint venture to allow for the continuation of the drill exploration. The Cree East property is without known reserves and any proposed program is exploratory in nature.





### 2.2.3 NW Manitoba, Manitoba

This property consists of approximately 144,000 hectares and lies between 90 and 170 kilometres northeast along the Wollaston trend of basement formations hosting uranium deposits, which include Rabbit Lake, Collins Bay and Eagle Point Uranium mines. In May 2012, the Company reported strong geophysical responses matching geology and uranium mineralized boulders from the recent surveys within the target areas at its NW Manitoba uranium project. The project was re-started in March 2012 following a four and a half year permitting delay due to consultations between the government of Manitoba and the local community. The Company has now concluded an operating MOU with the local community and recommenced ground survey work. The ground resistivity gravity geophysical surveys carried out in March 2012 localized anomalous features typical of sulphide-bearing mineralization, and zones of clay alteration within areas of shallow overburden. There is a striking correspondence between the location of gravity anomalies and the low resistivity zones from the survey. These targets are similar in style to the Andrew Lake uranium project in Nunavut, which has similar resistivity and gravity geophysical responses related to uranium mineralization hosted in regional fault structures.

In September 2013, the Company entered into an option agreement Northern Uranium Corp. (previously MPVC Inc.) for an interest in the NW Manitoba project. Northern Uranium may earn an 80% interest in the project by carrying out a three stage \$11.6 million exploration program, make a cash payment of \$35,000, issue 12 million common shares and issue 6 million common share purchase warrants.

On February 28, 2014, the option agreement with Northern Uranium for the NW Manitoba project was amended to extend the date of certain provisions of the agreement from February 28, 2014 to March 14, 2014. In consideration for amending the option agreement, Northern Uranium paid a further non-refundable cash deposit in the amount of \$50,000 on March 14, 2014.

In April 2014, the Company announced that Northern Uranium had received highly anomalous radon results of a recently completed, land-based survey over the Maguire Lake area. Northern Uranium reports that its geologic team is most encouraged by the distribution of radon, resistivity, magnetic and gravity anomalies which are prime drill targets for uranium mineralization.

In December 2014, the Company received notification from Northern Uranium of the expenditure threshold for the 50% earned interest in the NW Manitoba property, as well as continued work on the project.

In February 2015, Northern Uranium provided a progress report on the drilling on NW Manitoba property. The core from the four diamond drill holes at Maguire Lake show alteration patterns similar to those associated with unconformity style uranium deposits, but, in particular, vertical drill hole MG15DD-009 has intersected "an intense hydrothermal (alteration) system" suggesting that uranium mineralization may occur in close vicinity.

In April 2015, the Company announced that uranium mineralization has been detected at the NW Manitoba project by drilling. A down hole gamma ray log of hole MG15DD-0012 has revealed highly anomalous responses attributable to uranium mineralization between 164 and 238 metres and between 285 and 347 metres. This is the first significant uranium mineralization to be identified at Maguire Lake. A second large diamond drill rig was mobilized to the project to assist with drilling the lake and land targets.

In May 2015, the Company reported drilling by Northern Uranium on the Company's 50% owned NW Manitoba project continues to intersect a substantial hydrothermal alteration zone at Maguire Lake. The hydrothermal system has multiple structures over a 100 metre width and has been defined so far over a 300 metre strike length. A summer drill program with two diamond drill rigs started in June to test multiple targets.

In June 2015, the Company reported that Northern Uranium has commenced its summer drill program at Maguire Lake utilizing two large core drills. One drill is testing the extension of the newly discovered 100 metre wide by 300 metre strike length hydrothermal alteration zone beneath Maguire Lake. The second drill is targeting another gravity low with a sympathetic resistivity low and RadonEX radon-in-water anomaly adjacent to the shore of the lake.

In August 2015, the Company reported that Northern Uranium received high gamma radiation results in two holes which were completed in the northern zone of anomalous gravity, resistivity and AlphaTrack radon cups on land. Northern Uranium is pleased with the increasing strength of the radioactivity being detected at depth and toward the southeast within the South Anomaly.



In September 2015, the Company reported that Northern Uranium has elected to acquire an 80% interest in the Company's NW Manitoba project by incurring further expenditures of \$5.6 million on the project over the next two years. Northern Uranium exercised its option to acquire 70% interest in the property having reported it spent \$6 million on property exploration. Northern Uranium has issued CanAlaska a further 5 million shares and 2.5 million share purchase warrants.

#### **2.2.4 Collins Bay**

In June 2015, the Company entered into an agreement with Bayswater Uranium to terminate its Collins Bay Extension project option. In consideration, the Company will receive 2 million common shares of Bayswater Uranium and a 2.5% net smelter returns royalty. The company previously had the right to earn a 70% interest in the project. This agreement facilitated a transaction where Bayswater Uranium can enter into an agreement for the sale of the property.

#### **2.2.5 Grease River**

In July and October 2015, the Company recognized an impairment on certain of its Grease River claims of approximately \$17,000 as it did not renew its permits on these claims.

#### **2.2.6 Poplar**

In May 2015, the Company recognized an impairment on certain of its Poplar claims of approximately \$35,000 as it did not renew its permits on these claims.

In July 2015, the Company acquired four claim blocks totalling 4,127 hectares located on the northern edge of Lake Athabasca and southeast of Uranium City for \$2,359.

#### **2.2.7 Helmer**

In May and July of 2015, the Company acquired seven claim blocks totalling 7,317 hectares located on the southern shore of Lake Athabasca for \$4,390.

In June 2015, the Company recognized an impairment on certain of its Helmer claims of approximately \$12,000 as it did not renew its permits on these claims.

#### **2.2.8 Lake Athabasca**

In June and July of 2015, the Company recognized an impairment on certain of its Lake Athabasca claims of approximately \$24,000 as it did not renew its permits on these claims.

#### **2.2.9 Hodgson**

In May 2015, the Company acquired one claim block totalling 5,901 hectares located in the east central part of the Athabasca basin, 27 kilometres northwest of the McArthur River mine for \$3,541.

#### **2.2.10 Patterson**

On September 30, 2015, the option agreement with Makena Resources Inc. for the Patterson project was amended whereby in exchange for an extension on the work program and remaining cash payment, Makena agreed to allow the Company, up until July 31, 2016, to request an extension on the term of the outstanding share purchase warrants until September 20, 2018 subject to TSX Venture Exchange approval.

#### **2.2.11 Hanson**

In May 2015, the Company received 1,000,000 shares of Copper Reef Mining Corp. related to a purchase agreement for two claim blocks in the Hanson project dated April 21, 2015.

In July 2015, the Company acquired several claim blocks totalling 5,822 hectares located in the Pikoo kimberlite discovery area for \$5,531

#### **2.2.12 Patterson West**

In November 2015, the Company reported that it has been informed by Makena Resources that drilling crews are on site, and drilling is about to commence at the Patterson West project. Drilling will test an intense 1.5 kilometre by 0.5 kilometre gravity anomaly situated along a major geological domain boundary.



**2.2.13 Other Projects**

The Company uses its technical staff between field seasons to evaluate other mineral projects for acquisition, either by staking or by option, with the purpose of sale to third parties. For a full description of the geology and setting of the current projects and of the Company’s other projects, reference should be made to the “Projects” section, and accompanying news releases of work on the Company’s website at [www.canalaska.com](http://www.canalaska.com).

**Table 5:**

<b>Other projects update</b>	<b>Status</b>	<b>Recent work undertaken</b>
Big Creek	Seeking Venture Partner	No significant work undertaken
Cable Bay	Seeking Venture Partner	No significant work undertaken
Carswell	Seeking Venture Partner	No significant work undertaken
Collins Bay Extension	Option terminated in June 2015, NSR retained	
Grease River	Seeking Venture Partner	No significant work undertaken
Hanson	Seeking Venture Partner	No significant work undertaken
Helmer	Seeking Venture Partner	No significant work undertaken
Hodgson	Seeking Venture Partner	No significant work undertaken
Kasmere	Under application	Exploration permits pending
Key	Seeking Venture Partner	No significant work undertaken
Lake Athabasca	Seeking Venture Partner	No significant work undertaken
McTavish	Seeking Venture Partner	No significant work undertaken
Moon	Seeking Venture Partner	No significant work undertaken
Patterson	Option with Makena Resources Inc.	Airborne surveys have been contracted
Poplar	Seeking Venture Partner	No significant work undertaken
Waterbury	Seeking Venture Partner	No significant work undertaken
Zeballos	Seeking Venture Partner	No significant work undertaken
Glitter Lake	Disposed, NSR retained	

The Company is restricting its exploration activities on these Other projects until financial markets recover. The Company intends to continue its efforts to seek a venture partner either through a joint venture or sales of its other projects.

In the first quarter of fiscal 2016, the Company recognized an impairment on its Grease River, Poplar, Helmer and Lake Athabasca claims of approximately \$87,000 as it did not renew certain of its permit on these properties. In the second quarter of fiscal 2016, the Company recognized an impairment on its Grease River claims of approximately \$2,000 as it did not renew certain of its permit on these properties.

CanAlaska maintains 14 other projects in the Athabasca basin and 3 projects in British Columbia. These other projects have value to the Company but are not being actively explored, other than reviews and reporting. A number of these projects are being marketed for sale or joint venture, and the company hopes to realize increased value in the future.

All of the samples from the CanAlaska exploration programs have been submitted to one of two qualified Canadian Laboratories for analysis. Samples submitted to Saskatchewan Research Laboratories were analyzed for multi-element geochemistry and including uranium by tri-acid digestion and ICP. Samples submitted for assay for trace element geochemistry to Acme Laboratories in Vancouver BC, were analyzed by aqua regia digestion and ICP analysis. The samples were collected by CanAlaska field geologists under the supervision of Dr. Karl Schimann, and were shipped in secure containment to the laboratories noted above.

Our exploration activities requires permitting in the Province of Saskatchewan. For our projects in Saskatchewan, the Company applies for surface exploration permits from the Ministry of Environment, a letter of advice from the Heritage Resources Branch of the Ministry of Tourism, Parks, Culture and Sport, and a Right to Use Water from the Saskatchewan Water Authority. For our exploration projects in the Province of Manitoba, the Company applies for a Prospecting License, a Work Permit from the Manitoba Department of Conservation, and a notification to the Director of Mines for airborne surveys. In addition, all exploration activities have to conform to the Fisheries Act in terms of protection of fish habitat.



### 3. FINANCIAL POSITION AND CAPITAL RESOURCES

#### 3.1 Cash and Working Capital

<b>Table 6: (\$000's)</b>		
<b>Cash and Working Capital</b>	<b>Oct-15</b>	<b>Apr-15</b>
Cash and cash equivalents	1,171	1,605
Trade and other receivables	47	98
Available-for-sale securities	366	670
Trade and other payables	(108)	(137)
<b>Working capital</b>	<b>1,476</b>	<b>2,236</b>

For analysis and discussion of the movement in cash and cash equivalents reference should be made to Section 5 of this MD&A. Included within cash and cash equivalents are \$101,000 in funds from the CKU Partnership which are dedicated to the Cree East project. Reference should be made to note 4 of the condensed interim consolidated financial statements for further details.

As at October 31, 2015, included within trade and other receivables is approximately \$3,000 in Goods and Services Tax ("GST") refunds. The decrease in available-for-sale securities is primarily a result of a combination of the receipt of 5,000,000 shares from Northern Uranium Corp. (previously MPVC Inc.) for our NW Manitoba project and 750,000 shares from Makena for our Patterson Lake project in Q116 and Q216 along with a decrease in the market value of the Company's portfolio of available-for-sale securities at period end. The decrease in trade and other payables is consistent with the corporate activities compared with the fourth quarter of 2015.

#### 3.2 Other Assets and Liabilities

<b>Table 7: (\$000's)</b>		
<b>Other Assets and Liabilities</b>	<b>Oct-15</b>	<b>Apr-15</b>
Reclamation bonds	131	131
Property and equipment	197	222
Mineral property interests (Section 2.2)	648	736

During the six months ended October 31, 2015, the Company recognized an impairment on its Grease River, Poplar, Helmer and Lake Athabasca projects for approximately \$89,000 as it did not renew certain of its permits for these properties. Also during the period, the Company acquired claims for the Helmer, Hodgson, Poplar and Hanson properties by staking 28 blocks of claims totalling 20,072 hectares for approximately \$16,000.

During the six months ended October 31, 2015, the Company received proceeds of approximately \$11,000 for the sale of property and equipment.

#### 3.3 Equity and Financings

<b>Table 8: (\$000's)</b>		
<b>Equity</b>	<b>Oct-15</b>	<b>Apr-15</b>
Common shares	73,205	73,205
Equity reserve	10,960	10,947
Investment revaluation reserve	17	(64)
Deficit	(81,730)	(80,763)
<b>Total equity</b>	<b>2,452</b>	<b>3,325</b>

**Table 9: (000's)**

<b>Equity Instruments</b>	<b>Oct-15</b>	<b>Apr-15</b>
Common shares outstanding	22,068	22,068
Options outstanding		
Number	4,126	4,021
Weighted average price	\$0.16	\$0.16
Warrants outstanding		
Number	-	-
Weighted average price	-	-

**Equity instruments**

As of December 15, 2015, the Company had the following securities outstanding. Common shares - 22,068,136; stock options – 4,125,500; and warrants – nil.

**4. EXPENDITURES REVIEW****Table 10: (\$000's)****Quarterly (Earnings) Loss & Comprehensive (Earnings) Loss Summary**

	<b>Quarterly</b>							
	<b>Q314</b>	<b>Q414</b>	<b>Q115</b>	<b>Q215</b>	<b>Q315</b>	<b>Q415</b>	<b>Q116</b>	<b>Q216</b>
<b>Exploration Cost</b>								
Mineral property expenditures net of reimbursements	15	140	54	114	(59)	54	47	50
Mineral property write-offs	141	40	50	15	17	(9)	87	2
Recoveries on option payments received	(25)	(481)	(1,881)	-	(150)	(35)	(80)	(129)
Equipment rental income	(11)	(1)	(4)	-	(4)	-	-	-
	120	(302)	(1,781)	129	(196)	10	54	(77)
<b>Other Expenses (Income)</b>								
Consulting, labour and professional fees	110	105	288	98	118	123	103	89
Depreciation	20	20	16	16	16	14	12	12
(Gain) loss on disposal of properties and equipments	-	4	-	-	(35)	(56)	(9)	-
Gain on sale of US subsidiary	-	-	-	-	-	(54)	-	-
Foreign exchange (gain) loss	(1)	2	-	-	-	1	(4)	-
Insurance, licenses and filing fees	37	13	10	38	5	13	21	20
Interest income	(2)	(2)	(3)	(5)	(4)	(3)	(2)	(1)
Other corporate costs	10	5	10	12	4	13	15	7
Investor relations and presentations	9	10	6	56	18	12	50	46
Rent	7	8	6	7	4	1	7	2
Stock-based payments	105	-	61	-	80	-	13	-
Travel and accommodation	1	4	1	2	3	4	24	5
Impairment and loss (gain) on disposal of available-for-sale securities	12	38	6	9	2	138	24	560
Management fees	-	(24)	(6)	(10)	5	(3)	(2)	(2)
	308	183	395	223	216	203	252	738
<b>Net (loss) earnings for the period</b>	<b>(428)</b>	<b>119</b>	<b>1,386</b>	<b>(352)</b>	<b>(20)</b>	<b>(213)</b>	<b>(306)</b>	<b>(661)</b>
<b>Other comprehensive loss</b>								
<b>Items that may be subsequently reclassified to profit or loss:</b>								
Unrealized loss (gain) on available- for-sale securities	86	(46)	130	198	(55)	(233)	403	(484)
<b>Comprehensive (loss) earnings</b>	<b>(514)</b>	<b>165</b>	<b>1,256</b>	<b>(550)</b>	<b>35</b>	<b>20</b>	<b>(709)</b>	<b>(177)</b>
Basic and diluted (loss) earnings per share	(0.02)	0.01	0.06	(0.02)	(0.00)	(0.00)	(0.01)	<b>(0.03)</b>

In the six months ended October 31, 2015, the Company spent approximately \$125,000 on exploration costs and recovered \$28,000 from our exploration partners for a net mineral property expenditure of \$97,000.



For the six months ended October 31, 2015, the Company recognized mineral property impairments on the Grease River, Poplar, Helmer and Lake Athabasca projects for approximately \$89,000 as the Company did not renew certain of its permits for these projects.

In Q116, the Company terminated its Collins Bay Extension project option with Bayswater. In consideration, the Company received 2,000,000 common shares of Bayswater and a 2.5% net smelter returns royalty.

In Q216, the Company received 5,000,000 share of Northern Uranium and 750,000 share of Makena Resources. Also during Q216, the Company received \$10,000 from Makena related to the option agreement for the Patterson project.

Camp and other miscellaneous exploration equipment owned by the Company is maintained at our La Ronge warehouse. Equipment rental income is comprised of income from charging exploration projects for the rental of this equipment. In Q115 and Q315, the rental income is related to the rental of tents and camp supplies to a 3rd party. The Company did not have any equipment rentals in Q116 or Q216.

Consulting, labour, and professional fees are consistent with the same comparative prior period. In Q115, the Company paid each director of the Company a \$25,000 directors' fee. The directors of the Company suspended their cash compensation from January 1, 2013 to June 2014 in order to assist the Company in its plans to control its operating costs.

In Q216, insurance, licenses and filing fees were lower compared to Q215. The decrease is primarily attributed to the filing fees related to the application for the Company's common shares to trade on the OTCQB Marketplace. On September 2, 2014, the Company's common shares were approved for trading in the United States on the OTCQB Marketplace under the symbol, CVVUF.

Investor relations expenses were lower in Q216 compared to Q215. The decrease is primarily attributed to the attendance to two industry investor trade shows, various investor relations publications and consultant services in Q215 compared with the attendance to only one industry investor tradeshow in Q216.

Rent expense was lower in Q216 compared to Q215. The decrease is primarily attributed to the refund of the prior year's rental operating costs for the Vancouver office. The Company sublet its office space in March 2013 in its effort to reduce its cash burn and operating costs going forward.

Share-based payments decreased in Q116 compared to Q115. The decrease was attributed to the decrease in the number of options granted relative to Q115. During Q116, there were 105,000 options granted compared to 573,750 options granted in Q115.

Management fees were lower in Q216 compared to Q215. This was primarily due to the decrease in our exploration activities relative to last year. During same period last year, the Company spent \$253,000 on exploration, of which \$169,000 were related to our joint venture projects where management fees were generated. During Q216, the Company spent \$125,000 on exploration, of which \$54,000 were related to joint venture projects.



## 5. CASHFLOW AND LIQUIDITY REVIEW

As of October 31, 2015, the Company had \$1.2 million in cash and cash equivalents and working capital of \$1.5 million and as of April 30, 2015, the Company had \$1.6 million in cash and cash equivalents and working capital of \$2.2 million.

### 5.1 Operating Activities

The Company's operating activities resulted in net cash outflows of \$0.4 million and \$0.9 million for the six months ended October 31, 2015 and 2014 respectively. Operating activities and costs for the six months ended October 31, 2015 are lower than the six months ended October 31, 2014 as the Company continued its efforts to minimize its operating costs in order to conserve its cash reserves.

### 5.2 Financing Activities

During the six month period ended October 31, 2015 and 2014, the Company had no financing activities. Currently, junior uranium exploration companies are finding it difficult to seek financing. The Company is working to sell option or joint venture non core assets.

### 5.3 Investing Activities

Investing activities resulted in net cash inflows of \$5,000 for the six months ended October 31, 2015 and \$1.6 million for the six months ended October 31, 2014. During the six months ended October 31, 2015, the Company staked several properties in Saskatchewan for approximately \$16,000. During the six month ended October 31, 2015, the Company received approximately \$11,000 from the sale of property and equipment and \$10,000 from Makena Resources related to the option agreement for the Patterson project. During the six months ended October 31, 2014, the Company received \$1.6 million from East Resources for the sale of the Kasmere South project and \$25,000 from Makena for their option on the Patterson project. The Company also staked our Cable Bay, Helmer and Carswell projects for approximately \$10,000 during the period.

## 6. OTHER MATTERS

For a full version of the risks and critical accounting estimates and policies reference should be made to the Company's audited consolidated financial statements for the year ended April 30, 2015, which are available on the Company's website at [www.canalaska.com](http://www.canalaska.com) and on SEDAR at [www.sedar.com](http://www.sedar.com).

### 6.1 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, 2015 and 2014 were as follows. Certain compensation is paid to Schimann Consultants, a company controlled by Dr. Karl Schimann, the VP of Exploration.

Table 11: Compensation to Related Parties (\$000's)	Three months ended October 31		Six months ended October 31	
	2015	2014	2015	2014
	\$	\$	\$	\$
Employment benefits	71	71	143	189
Schimann Consultants	34	39	68	118
Directors fees	-	-	-	100
Share-based compensation	-	-	7	54

The directors and key management were awarded the following share options under the employee share option plan during the six months ended October 31, 2015:

Table 12: Share Option Issuance			
Date of grant	Number of options	Exercise price	Expiry
May 8, 2015	55,000	\$0.20	May 8, 2020



## **6.2 Financing**

Due to increasingly difficult market conditions facing junior uranium exploration companies management is currently in the process of evaluating its priorities and taking steps to streamline non-discretionary expenditures. Should management be successful in its coming exploration programs it may either need to dilute its ownership in its properties and/or secure additional financing to continue to advance the development of its projects.

## **6.3 Critical Accounting Estimates and Judgments**

### **6.3.1 Share-Based Payment Plan**

The Company operates an equity-settled, share-based compensation plan, under which the entity receives services from employees and non-employees as consideration for equity instruments (options) of the Company. The total amount to be expensed is determined by reference to the fair value of the options granted.

The fair value of share-based compensation is determined using the Black-Scholes option-pricing model and management's assumptions as disclosed in note 9 of the unaudited condensed interim consolidated financial statements for the six months ended October 31, 2015. When a stock option is exercised, the Company recognizes an increase in its share capital equivalent to the consideration paid by the option holder and the fair value amount previously recognized in equity reserve. The fair value of any stock options granted to directors, officers and employees of the Company is recorded as an expense over the vesting period of the options with a corresponding increase in equity reserve.

### **6.3.2 Mineral Property Interest**

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 increasingly 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 net acquisition costs incurred to date and do not necessarily represent current or future values of the mineral properties.

### **6.3.3 Going Concern**

The 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. The 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. Refer to section 1.1.

## **6.4 Disclosure Controls and Internal Control over Financial Reporting**

Disclosure controls and procedures ("DC&P") are designed to provide reasonable assurance that all relevant information is gathered and reported to senior management, including the Company's Chief Executive Officer and Chief Financial Officer, on a timely basis so that appropriate decisions can be made regarding public disclosure. Internal control over financial reporting ("ICFR") is designed to provide reasonable assurance that such financial information is reliable and complete. As at the end of the period covered by this management's discussion and analysis, management of the Company, with the participation of the Chief Executive Officer and the Chief Financial Officer, evaluated the effectiveness of the Company's DC&P and ICFR as required by Canadian securities laws. Based on that evaluation, the Chief Executive Officer and the Chief Financial Officer have concluded that, as of the end of the period covered by this management's discussion and analysis, the DC&P were effective to provide reasonable assurance that material information relating to the Company was made known to senior management by others and information required to be disclosed by the Company in its annual filings, interim filings (as such terms are defined under National Instrument 52-109 – Certification of Disclosure in Issuers' Annual and Interim Filings) or other reports filed or submitted by it under securities legislation were recorded, processed, summarized and reported within the time periods specified in securities legislation. The Chief Executive Officer and the Chief Financial Officer have also concluded that, as of the end of the period covered by this management's discussion and analysis, the Company's ICFR is effective and the ICFR provides reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. To design its ICFR, the Company used the Internal Control – Integrated Framework (2013) (COSO Framework) published by the Committee of Sponsoring Organizations of the Treadway Commission. There are no material weaknesses in the Company's ICFR. During the six months ended October 31, 2015 there were no changes to the Company's ICFR that materially affected, or are reasonably likely to materially affect, the Company's ICFR.



## 6.5 Forward Looking Statements

Certain statements included in this “MD&A” constitute forward-looking statements, including those identified by the expressions “anticipate”, “believe”, “plan”, “estimate”, “expect”, “intend”, “may”, “should” and similar expressions to the extent they relate to the Company or its management. The forward-looking statements are not historical facts but reflect current expectations regarding future results or events. This MD&A contains forward-looking statements. These forward-looking statements are based on current expectations and various estimates, factors and assumptions and involve known and unknown risks, uncertainties and other factors.

Information concerning the interpretation of drill results also may be considered forward-looking statements; as such information constitutes a prediction of what mineralization might be found to be present if and when a project is actually developed. The estimates, risks and uncertainties described in this MD&A are not necessarily all of the important factors that could cause actual results to differ materially from those expressed in the Company’s forward-looking statements. In addition, any forward-looking statements represent the Company’s estimates only as of the date of this MD&A and should not be relied upon as representing the Company’s estimates as of any subsequent date. The material factors and assumptions that were applied in making the forward-looking statements in this MD&A include: (a) execution of the Company’s existing plans or exploration programs for each of its properties, either of which may change due to changes in the views of the Company, or if new information arises which makes it prudent to change such plans or programs; and (b) the accuracy of current interpretation of drill and other exploration results, since new information or new interpretation of existing information may result in changes in the Company’s expectations. Readers should not place undue reliance on the Company’s forward-looking statements, as the Company’s actual results, performance or achievements may differ materially from any future results, performance or achievements expressed or implied by such forward-looking statements if known or unknown risks, uncertainties or other factors affect the Company’s business, or if the Company’s estimates or assumptions prove inaccurate. Therefore, the Company cannot provide any assurance that forward-looking statements will materialize.

## 6.6 New Accounting Standards Adopted

There was no significant accounting standards or interpretation or any consequential amendments required for the Company to adopt effective May 1, 2015.

## 6.7 Future Accounting Pronouncements

Unless otherwise noted, the following new or revised standards will be effective for the Company in future periods.

(i) IFRS 9 *Financial Instruments*, was issued in November 2009 and addresses classification and measurement of financial assets. It replaces the multiple category and measurement models in IAS 39 for debt instruments with a new mixed measurement model having only two categories: amortized cost and fair value through profit or loss. IFRS 9 also replaces the models for measuring equity instruments. Such instruments are either recognized at fair value through profit or loss or at fair value through other comprehensive income. Where equity instruments are measured at fair value through other comprehensive income, dividends are recognized in profit or loss to the extent that they do not clearly represent a return of investment; however, other gains and losses (including impairments) associated with such instruments remain in accumulated comprehensive income indefinitely.

Requirements for financial liabilities were added to IFRS 9 in October 2010 and they largely carried forward existing requirements in IAS 39, *Financial Instruments - Recognition and Measurement*, except that fair value changes due to credit risk for liabilities designated at fair value through profit and loss are generally recorded in other comprehensive income. In February 2014, the IASB tentatively determined that the revised effective date for IFRS 9 would be January 1, 2018. The Company has not yet completed an assessment of the impact of adopting IFRS 9.

(ii) IFRS 15 *Revenue from Contracts with Customers*. In May 2014, the IASB and the FASB completed its joint project to clarify the principles for recognizing revenue and to develop a common revenue standard for IFRS and US GAAP. As a result of the joint project, the IASB issued IFRS 15, *Revenue from Contracts with Customers*, and will replace IAS 18, *Revenue*, IAS 11, *Construction Contracts*, and related interpretations on revenue. IFRS 15 establishes principles to address the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity’s contracts with customers. Companies can elect to use either a full or modified retrospective approach when adopting this standard. On July 22, 2015, the IASB confirmed a one year deferral of the effective date of IFRS 15 to January 1, 2018. The Company has not yet completed an assessment of the impact of adopting IFRS 15.



## **6.8 Risk Factors**

The Company is engaged in the exploration of mineral properties, an inherently risky business. There is no assurance that funds spent on the exploration and development of a mineral deposit will result in the discovery of an economic ore body. Most exploration projects do not result in the discovery of commercially mineable ore deposits.

### **6.8.1 Cash Flows and Additional Funding Requirements**

The Company has limited financial resources, no sources of operating cash flows and no assurances that sufficient funding, including adequate financing, will be available. If the Company's exploration programs are successful, additional funds will be required in order to complete the development of its projects. The sources of funds currently available to the Company are the sale of marketable securities, the raising of equity capital or the offering of an ownership interest in its projects to a third party. There is no assurance that the Company will be successful in raising sufficient funds to conduct further exploration and development of its projects or to fulfill its obligations under the terms of any option or joint venture agreements, in which case the Company may have to delay or indefinitely postpone further exploration and development, or forfeit its interest in its projects or prospects. Without further financing and exploration work on its properties the Company expects its current 646,992 ha of property to reduce to 498,410 ha by December 31 2015, and 404,449 ha by December 31 2016. The Company's Fond Du Lac property reached its last anniversary on February 25 2015, after February 2016 a new lease or a special lease extension will be required by the Fond Du Lac community from Aboriginal and Northern Affairs Canada. The Cree East and West McArthur projects, with current work filings are in good standing for a minimum 15 years from the current date. Refer to section 1.1.

### **6.8.2 Commodity Prices**

The profitability of the Company's operations will be dependent upon the market price of mineral commodities. Mineral prices fluctuate widely and are affected by numerous factors beyond the control of the Company. The prices of mineral commodities have fluctuated widely in recent years. Current and future price declines could cause commercial production to be impracticable. The Company's future revenues and earnings also could be affected by the prices of other commodities such as fuel and other consumable items, although to a lesser extent than by the price of mineral commodities.

### **6.8.3 Competition**

The mining industry is intensely competitive in all of its phases, and the Company competes with many companies possessing greater financial resources and technical facilities than itself with respect to the discovery and acquisition of interests in mineral properties, the recruitment and retention of qualified employees and other persons to carry out its mineral exploration activities. The Company has a large land position in the Athabasca Basin, and has carried out extensive exploration, but has not defined an economic deposit. Other exploration companies have been successful with the discovery of deposits in the Athabasca, and these companies tend to attract investors away from CanAlaska. CanAlaska relies on the ongoing support of its JV partners to fund their portion of exploration, however additional funding from the current partners is uncertain. Competition in the mining industry could adversely affect the Company's prospects for mineral exploration in the future.

### **6.8.4 Foreign Political Risk**

The Company's material property interests are currently located in Canada. Some of the Company's interests are exposed to various degrees of political, economic and other risks and uncertainties. The Company's operations and investments may be affected by local political and economic developments, including expropriation, nationalization, invalidation of government orders, permits or agreements pertaining to property rights, political unrest, labour disputes, limitations on repatriation of earnings, limitations on mineral exports, limitations on foreign ownership, inability to obtain or delays in obtaining necessary mining permits, opposition to mining from local, environmental or other non-governmental organizations, government participation, royalties, duties, rates of exchange, high rates of inflation, price controls, exchange controls, currency fluctuations, taxation and changes in laws, regulations or policies as well as by laws and policies of Canada affecting foreign trade, investment and taxation.

### **6.8.5 Government Laws, Regulation and Permitting**

Mining and exploration activities of the Company are subject to both domestic and foreign laws and regulations governing prospecting, development, production, taxes, labour standards, occupational health, mine safety, waste disposal, toxic substances, the environment and other matters. Although the Company believes that all exploration activities are currently carried out in accordance with all applicable rules and regulations, no assurance can be given that new rules and regulations will not be enacted or that existing rules and regulations will not be applied in a manner which could limit or curtail production or development. Amendments to current laws and regulations governing the operations and activities of the Company or more stringent implementation thereof could have a substantial adverse impact on the Company.



The operations of the Company will require licenses and permits from various governmental authorities to carry out exploration and development at its projects. In Canada, the issuance of governmental licenses and permits are increasingly being influenced by land use consultations between the government and local First Nations communities. There can be no assurance that the Company will be able to obtain the necessary licences and permits on acceptable terms, in a timely manner or at all. Any failure to comply with permits and applicable laws and regulations, even if inadvertent, could result in the interruption or closure of operations or material fines, penalties or other liabilities.

#### **6.8.6 Title to Properties**

Acquisition of rights to the mineral properties is a very detailed and time-consuming process. Title to, and the area of, mineral properties may be disputed. Although the Company has investigated the title to all of the properties for which it holds concessions or other mineral leases or licenses or in respect of which it has a right to earn an interest, the Company cannot give an assurance that title to such properties will not be challenged or impugned.

The Company has the right to earn an increased economic interest in certain of its properties. To earn this increased interest, the Company is required to make certain exploration expenditures and payments of cash and/or Company shares. If the Company fails to make these expenditures and payments, the Company may lose its right to such properties and forfeit any funds expended up to such time.

#### **6.8.7 Estimates of Mineral Resources**

The mineral resource estimates used by the Company are estimates only and no assurance can be given that any particular level of recovery of minerals will in fact be realized or that an identified resource will ever qualify as a commercially mineable (or viable) deposit which can be legally or commercially exploited. In addition, the grade of mineralization ultimately mined may differ from that indicated by drilling results and such differences could be material.

#### **6.8.8 Key Management**

The success of the Company will be largely dependent upon the performance of its key officers, consultants and employees. Locating mineral deposits depends on a number of factors, not the least of which is the technical skill of the exploration personnel involved. The success of the Company is largely dependent on the performance of its key individuals. Failure to retain key individuals or to attract or retain additional key individuals with necessary skills could have a materially adverse impact upon the Company's success. In January 2013, Mr. Chan, the Corporate Controller took over the position of CFO replacing Mr. Ramachandran. In June 2013, the Company received the resignation of board member, Hubert Marleau. On September 26, 2013, the Company accepted the resignation of board member, Michael Riley. Dr. Karl Schimann, VP Exploration, was appointed to the board of directors on September 26, 2013 in Mr. Riley's place. On January 7, 2014, Kathleen Kennedy Townsend was appointed to the Company's board of directors.

#### **6.8.9 Volatility of Share Price**

Market prices for shares of early stage companies are often volatile. Factors such as announcements of mineral discoveries, financial results, and other factors could have a significant effect on the price of the Company's shares and the amount of financing that can be raised by the Company.

#### **6.8.10 Foreign Currency Exchange**

A small portion of the Company's expenses are now, and are expected to continue to be incurred in foreign currencies. The Company's business will be subject to risks typical of an international business including, but not limited to, differing tax structures, regulations and restrictions and general foreign exchange rate volatility. Fluctuations in the exchange rate between the Canadian dollar and such other currencies may have a material effect on the Company's business, financial condition and results of operations and could result in downward price pressure for the Company's products or losses from currency exchange rate fluctuations. The Company does not actively hedge against foreign currency fluctuations.

#### **6.8.11 Conflict of Interest**

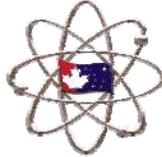
Some of the Company's directors and officers are directors and officers of other natural resource or mining-related companies. These associations may give rise from time to time to conflicts of interest. As a result of such conflict, the Company may miss the opportunity to participate in certain transactions.

**7. QUARTERLY FINANCIAL INFORMATION**

The following tables sets out a summary of the Company's results:

<b>Table 13: (\$000's)</b>	<b>Quarterly</b>							
<b>Earnings (Loss) &amp; Comprehensive Earnings (Loss) Summary</b>	<b>Q314</b>	<b>Q414</b>	<b>Q115</b>	<b>Q215</b>	<b>Q315</b>	<b>Q415</b>	<b>Q116</b>	<b>Q216</b>
<b>Revenue</b>	-	-	-	-	-	-	-	-
<b>(Loss) earnings for the period</b>	(428)	119	1,386	(352)	(20)	(213)	(306)	<b>(661)</b>
<b>(Loss) earnings per share</b>	(0.02)	0.01	0.06	(0.02)	(0.00)	(0.00)	(0.01)	<b>(0.03)</b>

<b>Table 14: (\$000's) Financial Position summary</b>	<b>As at</b>							
	<b>Jan 31, 2014</b>	<b>Apr 30, 2014</b>	<b>Jul 31, 2014</b>	<b>Oct 31, 2014</b>	<b>Jan 31, 2015</b>	<b>Apr 30, 2015</b>	<b>Jul 31, 2015</b>	<b>Oct 31, 2015</b>
<b>Total Assets</b>	2,416	2,806	3,974	3,406	3,442	3,462	2,790	<b>2,560</b>
<b>Total Liabilities</b>	157	382	233	215	136	137	161	<b>108</b>
<b>Total Equity</b>	2,259	2,424	3,741	3,191	3,306	3,325	2,629	<b>2,452</b>



# **CanAlaska Uranium Ltd.**

Condensed Interim Consolidated Financial Statements

**Second Quarter - October 31, 2015**

(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 2015 \$000's	April 30 2015 \$000's
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents (note 4)	1,171	1,605
Trade and other receivables	47	98
Available-for-sale securities (note 5)	366	670
<b>Total current assets</b>	<u>1,584</u>	<u>2,373</u>
<b>Non-current assets</b>		
Reclamation bonds	131	131
Property and equipment (note 6)	197	222
Mineral property interests (note 7)	648	736
<b>Total assets</b>	<u>2,560</u>	<u>3,462</u>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Trade and other payables	<u>108</u>	<u>137</u>
<b>Equity</b>		
Common shares (note 8)	73,205	73,205
Equity reserve (note 8)	10,960	10,947
Investment revaluation reserve	17	(64)
Deficit	<u>(81,730)</u>	<u>(80,763)</u>
	<u>2,452</u>	<u>3,325</u>
	<u>2,560</u>	<u>3,462</u>

**Going Concern** (note 2)

**Commitments** (note 11)

### Approved by the Board of Directors

“Peter Dasler”

\_\_\_\_\_  
Director

“Jean Luc Roy”

\_\_\_\_\_  
Director

# CanAlaska Uranium Ltd.

## Condensed Interim Consolidated Statements of Comprehensive Earnings (Loss)

(Unaudited)

(Expressed in Canadian dollars except where indicated)

	Three months ended October 31 2015 (\$000's)	Three months ended October 31 2014 (\$000's)	Six months ended October 31 2015 (\$000's)	Six months ended October 31 2014 (\$000's)
<b>EXPLORATION COSTS</b>				
Mineral property expenditures net of reimbursements	50	114	97	168
Mineral property write-offs (note 7)	2	15	89	65
Net option payments (note 7)	(129)	-	(209)	(1,881)
Equipment rental income	-	-	-	(4)
	<u>(77)</u>	<u>129</u>	<u>(23)</u>	<u>(1,652)</u>
<b>OTHER EXPENSES (INCOME)</b>				
Consulting, labour and professional fees	89	98	192	386
Depreciation and amortization (note 6)	12	16	24	32
Gain on disposal of property and equipment	-	-	(9)	-
Foreign exchange gain	-	-	(4)	-
Insurance, licenses and filing fees	20	38	41	48
Interest income	(1)	(5)	(3)	(8)
Other corporate costs	7	12	22	22
Investor relations and presentations	46	56	96	62
Rent (note 11)	2	7	9	13
Share-based payments (note 9)	-	-	13	61
Travel and accommodation	5	2	29	3
Impairment of available-for-sale securities (note 5)	560	9	584	15
Management fees	(2)	(10)	(4)	(16)
	<u>738</u>	<u>223</u>	<u>990</u>	<u>618</u>
<b>Net earnings (loss) for the period</b>	(661)	(352)	(967)	1,034
<b>Other comprehensive income (loss)</b>				
Unrealized (gain) loss on available-for-sale securities	(484)	198	(81)	328
<b>Total comprehensive earnings (loss) for the period</b>	<u>(177)</u>	<u>(550)</u>	<u>(886)</u>	<u>706</u>
<b>Basic and diluted earnings (loss) per share (\$ per share)</b>	(0.03)	(0.02)	(0.04)	0.05
<b>Basic and diluted weighted average common shares outstanding (000's)</b>	22,068	22,068	22,068	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, 2015 and 2014

**(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, 2014	22,068	73,205	10,807	(24)	(81,564)	2,424
Share-based payments	-	-	61	-	-	61
Unrealized loss on available-for-sale securities	-	-	-	(328)	-	(328)
Income for the period	-	-	-	-	1,034	1,034
Balance-October 31, 2014	22,068	73,205	10,868	(352)	(80,530)	3,191
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
Loss for the period	-	-	-	-	(967)	(967)
Balance-October 31, 2015	22,068	73,205	10,960	17	(81,730)	2,452

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)

	<b>Six months ended October 31 2015 \$000's</b>	<b>Six months ended October 31 2014 \$000's</b>
<b>Cash flows used in operating activities</b>		
(Loss) income for the period	(967)	1,034
Items not affecting cash		
Gain on disposal of property and equipment	(9)	-
Depreciation and amortization (note 6)	24	32
Mineral property write-offs	89	65
Impairment of available-for-sale securities (note 5)	584	15
Recoveries on option payments received	(194)	(1,881)
Share-based payments (note 9)	13	61
	<u>(460)</u>	<u>(674)</u>
Change in non-cash operating working capital		
Decrease (increase) in trade and other receivables	51	(19)
Decrease in trade and other payables	(30)	(167)
	<u>(439)</u>	<u>(860)</u>
<b>Cash flows from investing activities</b>		
Additions to mineral property interests	(16)	(10)
Proceeds from sale of property and equipment	11	2
Option payments received	10	1,625
	<u>5</u>	<u>1,617</u>
<b>(Decrease) increase in cash and cash equivalents</b>	(434)	757
<b>Cash and cash equivalents - beginning of period</b> (note 4)	<u>1,605</u>	<u>1,044</u>
<b>Cash and cash equivalents - end of period</b> (note 4)	<u>1,171</u>	<u>1,801</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, 2015**

**(Unaudited)**

(Expressed in Canadian dollars except where indicated)

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## 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, structures 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 is 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. On December 30, 2013, the Company's shares commenced trading on the TSX Venture Exchange under the symbol "CVV" and ceased trading on the Toronto Stock Exchange. 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 increasingly 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.

At October 31, 2015, the Company had cash and cash equivalents of \$1.2 million (April 30, 2015: \$1.6 million) (note 4) and working capital of \$1.5 million (April 30, 2015: \$2.2 million). The Company has a deficit of \$81.7 million at October 31, 2015. 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. The above factors may cast significant doubt regarding the Company's ability to continue as a going concern.

# CanAlaska Uranium Ltd.

Notes to the Condensed Interim Consolidated Financial Statements  
**For the six month period ended October 31, 2015**  
**(Unaudited)**  
(Expressed in Canadian dollars except where indicated)

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## 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, 2015 consolidated annual financial statements.

These condensed interim consolidated financial statements were authorized for issuance by the Board of Directors of the Company on December 15, 2015.

### 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 subsidiaries including:

- CanAlaska West McArthur Uranium Ltd., a B.C. company
- Poplar Uranium Limited., a B.C. company

Subsidiaries are entities over which the Company has the power, directly or indirectly, to govern the financial and operating policies of the entity so as to obtain benefits from its activities. In assessing control, potential voting rights that are presently exercisable or convertible, are taken into account in the assessment of whether control exists. Subsidiaries are fully 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, 2015

(Unaudited)

(Expressed in Canadian dollars except where indicated)

### 4 Cash and Cash Equivalents

	October 31, 2015	April 30, 2015
	\$000's	\$000's
CKU Partnership funds	101	117
Option-in advances	43	59
Cash in bank and other short term deposits	1,027	1,429
<b>Total</b>	<b>1,171</b>	<b>1,605</b>

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

Option-in advances are advance cash funding by joint venture partners on various exploration properties.

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, 2015	April 30, 2015
	\$000's	\$000's
Cash	451	455
Cash equivalents	720	1,150
<b>Total</b>	<b>1,171</b>	<b>1,605</b>

### 5 Available-for-Sale Securities

	October 31, 2015		April 30, 2015	
	Cost	Market Value	Cost	Market Value
	\$000's	\$000's	\$000's	\$000's
Pacific North West Capital Corp.	4	4	6	6
Mega Uranium Ltd.	3	4	3	6
Makena Resources Inc.	75	75	79	79
Copper Reef Mining Corp.	40	40	40	30
Northern Uranium Corp.	180	180	600	525
Other available-for-sale securities	47	63	6	24
<b>Total</b>	<b>349</b>	<b>366</b>	<b>734</b>	<b>670</b>

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 \$560,205 for the three months ended October 31, 2015 and \$584,314 for the six months ended October 31, 2015 (three months ended October 31, 2014: \$9,169 six months ended October 31, 2014: \$15,243).

# CanAlaska Uranium Ltd.

Notes to the Condensed Interim Consolidated Financial Statements

For the six month period ended October 31, 2015

(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
<b>Cost</b>					
At May 1, 2014	25	270	1,022	455	1,722
Additions	-	-	-	2	2
Disposals	-	-	(180)	(5)	(185)
At April 30, 2015	25	270	842	452	1,589
Disposals	(17)	-	-	-	(17)
At October 31, 2015	8	270	842	452	1,572
<b>Accumulated Depreciation and Amortization</b>					
At May 1, 2014	(20)	(145)	(922)	(391)	(1,478)
Depreciation and amortization	(1)	(19)	(28)	(14)	(62)
Disposals	-	-	168	5	173
At April 30, 2015	(21)	(164)	(782)	(400)	(1,367)
Depreciation and amortization	(1)	(9)	(9)	(5)	(24)
Disposals	16	-	-	-	16
At October 31, 2015	(6)	(173)	(791)	(405)	(1,375)
<b>Carrying Value</b>					
At April 30, 2015	4	106	60	52	222
At October 31, 2015	2	97	51	47	197

# CanAlaska Uranium Ltd.

Notes to the Condensed Interim Consolidated Financial Statements

For the six month period ended October 31, 2015

(Unaudited)

(Expressed in Canadian dollars except where indicated)

## 7 Mineral Property Interests

The Company holds approximately 645,000 hectares of mining claims in the Athabasca Basin located across the provinces of Saskatchewan and Manitoba 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, 2015 and October 31, 2015 are as follows:

Project (\$000's)	May 1, 2014	Additions/ write-offs/ recoveries	April 31, 2015	Additions/ write-offs/ recoveries	October 31, 2015
Athabasca Basin					
Cree East (a)	-	-	-	-	-
West McArthur (b)	65	-	65	-	65
Fond du Lac	120	-	120	-	120
Grease River (c)	76	(28)	48	(17)	31
Key Lake	24	-	24	-	24
NW Manitoba (d)	8	(8)	-	-	-
Poplar (e)	131	(11)	120	(33)	87
Helmer (f)	107	(9)	98	(8)	90
Lake Athabasca (g)	98	(7)	91	(24)	67
Hodgson (h)	7	-	7	3	10
Collins Bay (i)	-	-	-	-	-
McTavish	74	-	74	-	74
Carswell	-	2	2	-	2
Ruttan	15	-	15	(15)	-
Patterson (j)	2	(2)	-	-	-
Cable Bay	-	2	2	-	2
Other	53	(8)	45	-	45
Other					
Other Projects, Various (k)	33	(8)	25	6	31
<b>Total</b>	<b>813</b>	<b>(425)</b>	<b>736</b>	<b>(88)</b>	<b>648</b>

# CanAlaska Uranium Ltd.

## Notes to the Condensed Interim Consolidated Financial Statements For the six month period ended October 31, 2015

(Unaudited)

(Expressed in Canadian dollars except where indicated)

### 7 Mineral Property Interests (continued)

Summary of option payments receivable in the years ending April 30 <sup>2</sup>	Cash \$000's	Total <sup>2</sup> Spend <sup>1</sup> \$000's	Shares
2016	25	3,075	5,750,000
2017	-	3,475	250,000
Thereafter	-	9,775	-

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

<sup>2</sup> Represents 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, 2015: 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, 2015 and 2014 was approximately \$24,000 and \$133,000 respectively and has a carrying value of \$nil.

#### b) West McArthur, Saskatchewan - Mitsubishi

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 acts as project operator and earns a fee (between 5% and 10%) based on the expenditures incurred. The total expenditures on the property for the six months ended October 31, 2015 and 2014 was approximately \$30,000 and \$36,000 respectively.

#### c) Grease River, Saskatchewan

In July and October 2015, the Company recognized an impairment on certain of its Grease River claims of approximately \$17,000 as it did not renew its permits on these claims.

# CanAlaska Uranium Ltd.

Notes to the Condensed Interim Consolidated Financial Statements

**For the six month period ended October 31, 2015**

**(Unaudited)**

(Expressed in Canadian dollars except where indicated)

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## **7 Athabasca Mineral Property Interests (continued)**

### **d) NW Manitoba, Manitoba**

In September 2013, the Company entered into an option agreement with Northern Uranium Corp ("Northern") previously MPVC Inc. for an interest in the NW Manitoba project. The project covers 143,603 hectares along the Saskatchewan/Manitoba border. Northern may earn an 80% interest in the project by carrying out a three stage \$11.6 million exploration program, make a cash payment of \$35,000 (paid), issue 12 million common shares and issue 6 million common share purchase warrants.

In September 2015, the Company received 5,000,000 shares and 2,500,000 share purchase warrants from Northern.

### **e) Poplar, Saskatchewan**

In May 2015, the Company recognized an impairment on certain of its Poplar claims of approximately \$35,000 as it did not renew its permits on these claims.

In July 2015, the Company acquired four claim blocks totalling 4,127 hectares located on the northern edge of Lake Athabasca and southeast of Uranium City for \$2,359.

### **f) Helmer, Saskatchewan**

In May and July of 2015, the Company acquired seven claim blocks totalling 7,317 hectares located on the southern shore of Lake Athabasca for \$4,390.

In June 2015, the Company recognized an impairment on certain of its Helmer claims of approximately \$12,000 as it did not renew its permits on these claims.

### **g) Lake Athabasca, Saskatchewan**

In June and July of 2015, the Company recognized an impairment on certain of its Lake Athabasca claims of approximately \$24,000 as it did not renew its permits on these claims.

### **h) Hodgson, Saskatchewan**

In May 2015, the Company acquired one claim block totalling 5,901 hectares located in the east central part of the Athabasca basin, 27 kilometres northwest of the McArthur River mine for \$3,541.

### **i) Collins Bay, Saskatchewan**

In June 2015, the Company entered into an agreement with Bayswater Uranium Corporation ("Bayswater") to terminate its Collins Bay Extension project option. In consideration, the Company received 2,000,000 common shares of Bayswater and a 2.5% net smelter returns royalty.

# CanAlaska Uranium Ltd.

Notes to the Condensed Interim Consolidated Financial Statements

For the six month period ended October 31, 2015

(Unaudited)

(Expressed in Canadian dollars except where indicated)

## 7 Athabasca Mineral Property Interests (continued)

### j) Patterson, Saskatchewan

On September 30, 2015, the option agreement with Makena Resources Inc. for the Patterson project was amended whereby in exchange for an extension on the work program and remaining cash payment, Makena agreed to allow the Company, up until July 31, 2016, to request an extension on the term of the outstanding share purchase warrants until September 20, 2018 subject to TSX Venture Exchange approval.

### k) Other Projects

#### Hanson, Saskatchewan

In May 2015, the Company received 1,000,000 shares of Copper Reef Mining Corp. related to a purchase agreement for two claim blocks in the Hanson project dated April 21, 2015.

In July 2015, the Company acquired several claim blocks totalling 5,822 hectares located in the Pikoo kimberlite discovery area for \$5,531

## 8 Share Capital

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

## 9 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 4,400,000 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, 2014	3,851	0.20
Granted	1,336	0.14
Expired	(917)	0.25
Forfeited	(249)	0.25
<b>Outstanding – April 30, 2015</b>	<b>4,021</b>	<b>0.16</b>
Granted	105	0.19
<b>Outstanding – October 31, 2015</b>	<b>4,126</b>	<b>0.16</b>

# CanAlaska Uranium Ltd.

## Notes to the Condensed Interim Consolidated Financial Statements For the six month period ended October 31, 2015

(Unaudited)

(Expressed in Canadian dollars except where indicated)

### 9 Stock Options and Warrants (continued)

As at October 31, 2015, the following stock options were outstanding:

	Number of options outstanding 000's	Number of options exercisable 000's	Exercise price	Expiry date (Fiscal Year)
	574	574	\$0.18	2017
	1,143	1,143	\$0.18 - \$0.25	2018
	1,592	1,592	\$0.12	2019
	762	762	\$0.12 - \$0.14	2020
	55	55	\$0.20	2021
<b>Total</b>	<b>4,126</b>	<b>4,126</b>		

For the three months ended October 31, 2015, total share-based compensation expense was \$nil (October 31, 2014: \$nil). For the six months ended October 31, 2015, total share-based compensation expense was \$12,993 (October 31, 2014: \$61,469).

#### Warrants

As at October 31, 2015, there were no warrants outstanding.

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, 2015:

	Options
Weighted average fair value	\$0.12
Forfeiture rate	15.4%
Risk-free interest rate	0.6% - 0.7%
Expected life	2.0 - 2.4 years
Expected volatility	132.4% - 133.3%
Expected dividend	0%

# CanAlaska Uranium Ltd.

## Notes to the Condensed Interim Consolidated Financial Statements For the six month period ended October 31, 2015

(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, 2015 and 2014 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	
	2015	2014	2015	2014
	\$	\$	\$	\$
Employment benefits	71	71	143	189
Schimann Consultants	34	39	68	118
Directors fees	-	-	-	100
Share-based compensation	-	-	7	54

The directors and key management were awarded the following share options under the employee share option plan during the six months ended October 31, 2015:

Date of grant	Number of options	Exercise price	Expiry
May 8, 2015	55,000	\$0.20	May 8, 2020

### 11 Commitments

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

Fiscal Year Ending	Total \$000's
2016	14
Thereafter	7
<b>Total</b>	<b>21</b>

# CanAlaska Uranium Ltd.

Notes to the Condensed Interim Consolidated Financial Statements

**For the six month period ended October 31, 2015**

**(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 Geographic Segmented Information

The Company operates in one business segment, the exploration of mineral property interests. The following summarizes the Company's operations based on the geographic areas in which it operates:

<b>October 31, 2015 (\$000's)</b>	<b>Canada</b>	<b>U.S.A.</b>	<b>New Zealand</b>	<b>Total</b>
Non-current assets	976	-	-	976
Total assets	2,560	-	-	2,560
Total liabilities	108	-	-	108
Loss for the period	967	-	-	967

<b>April 30, 2015 (\$000's)</b>	<b>Canada</b>	<b>U.S.A.</b>	<b>New Zealand</b>	<b>Total</b>
Non-current assets	1,089	-	-	1,089
Total assets	3,462	-	-	3,462
Total liabilities	137	-	-	137
Earnings (loss) for the year	(2,346)	1,535	1,612	801