

NEWS RELEASE

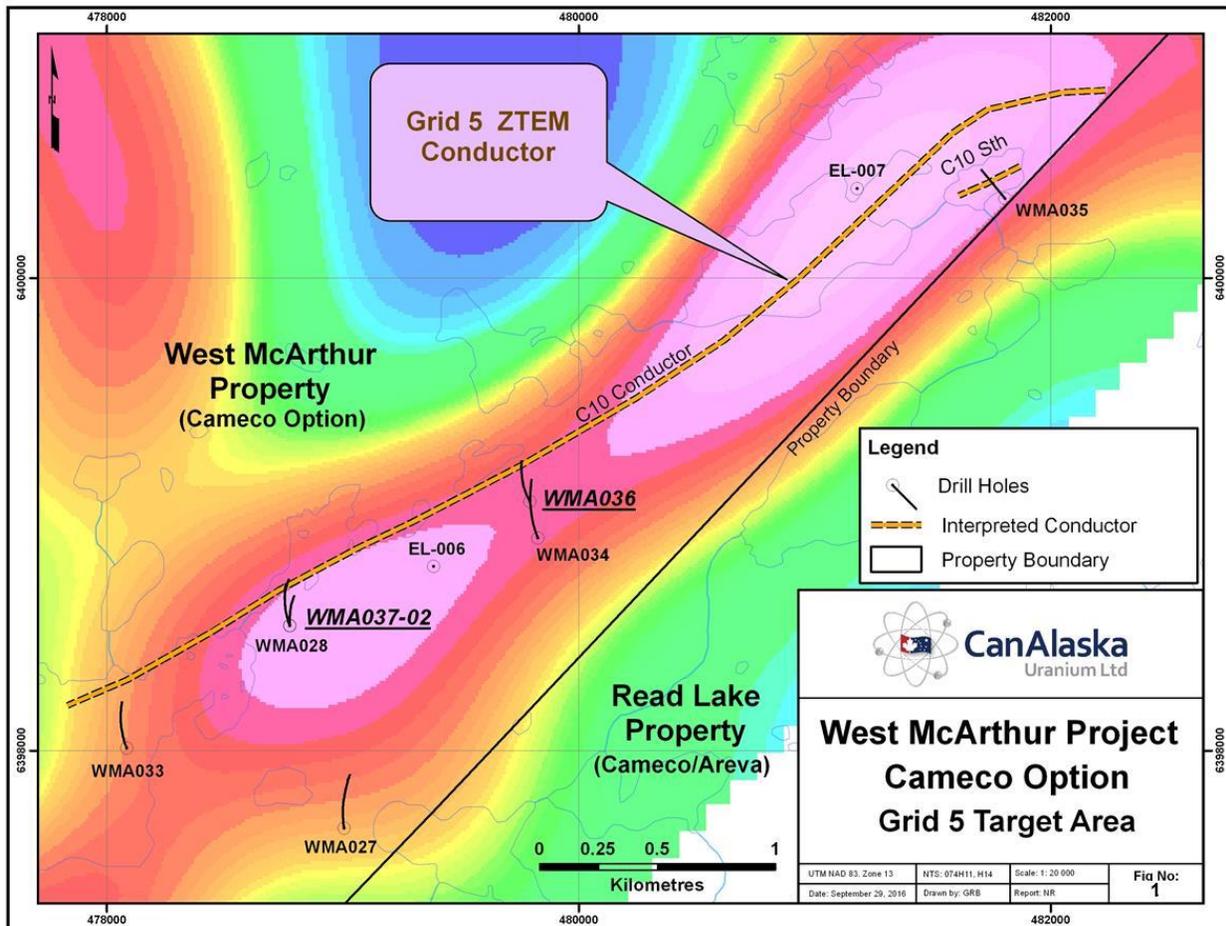
Summer Drilling Completed at West McArthur

Drill holes tested C10 conductor 3.5km south of April 2016 target

Vancouver, Canada, October 3, 2016 – CanAlaska Uranium Ltd. (TSX-V: [CVV](#); OTCQB: [CVVUF](#); Frankfurt: [DH7N](#)), (“CanAlaska”) is pleased to report that Cameco’s exploration team completed two primary drill holes and two offcut holes along the trend of the C10 conductor package, 2.4 and 3.5 km south-west of a drill hole completed in April 2016, on the West McArthur project in the Athabasca Basin, Saskatchewan.

Drilling targeted graphite and fault zones identified from 2012 program

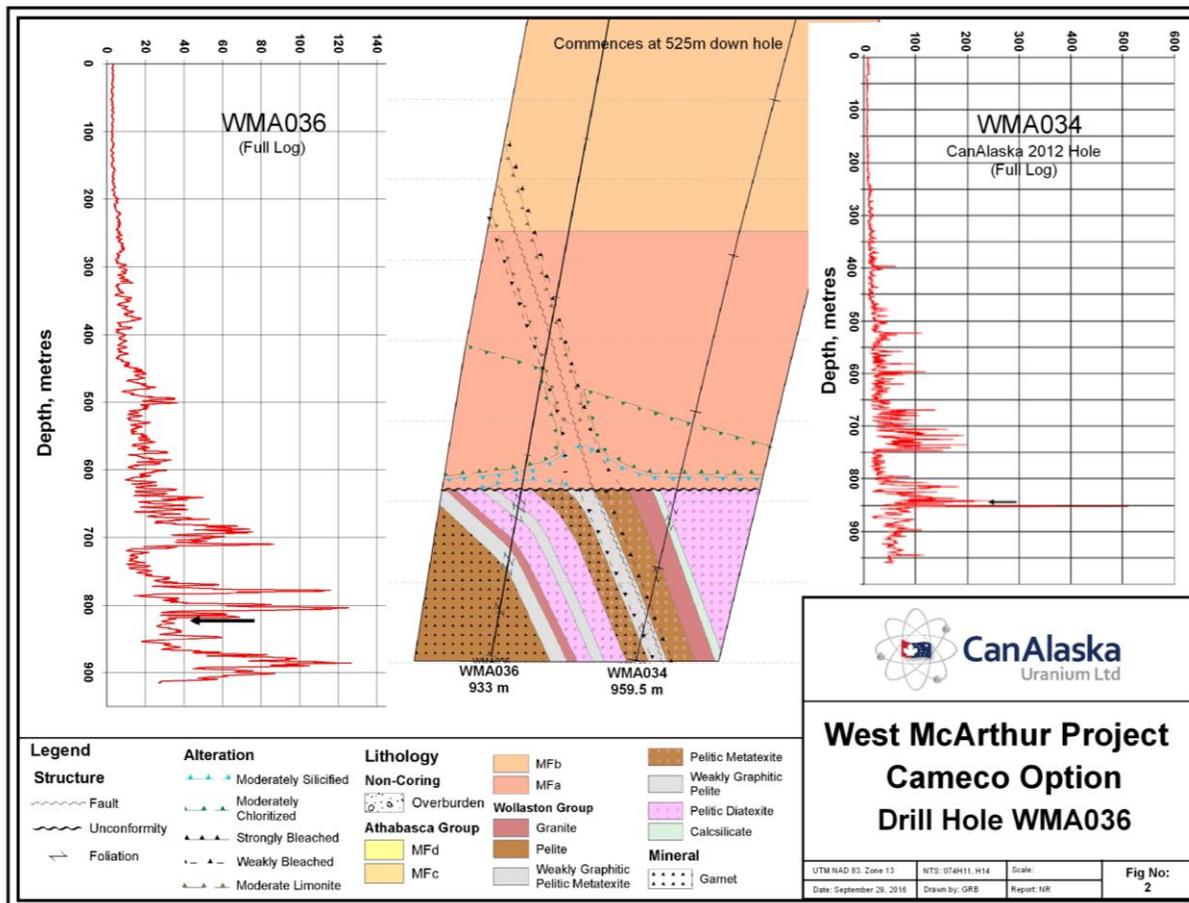
The exploration team has focused on establishing the path of the C10 graphitic conductor package and the C10 fault structure as it trends south-west from the high-grade uranium mineralized zones at Fox Lake. Two drill holes located 2.4 and 3.5 km south-west of the winter drill target (hole WMA035), focused on intercepting the fault structures and basement graphite horizons associated with the silicified and fractured sandstone previously drilled by CanAlaska



in 2012. The previous drill holes had shown nearby conductive targets associated with above background uranium mineralization with up to 1000 cps from geophysical probe results.

WMA036 was drilled 75.0 m north of the WMA034 unconformity pierce point, to test for the extension of the C10 fault at the unconformity. The drill hole intersected bleached sandstone. Two fracture zones are characterized by bedding controlled desilicification and broken core. The targeted fault zone, intersected 100 metres above the unconformity (from 721.5 m to 727.5 m) is characterized by broken core, fracture-controlled limonite, steeply-dipping clay-coated fractures and a 60 cm sandy-clay gouge. Below the fault zone, from 730.9 m onwards, the sandstone is pervasively bleached. Dark green interstitial chlorite and strong patchy silicification is observed from 750.0 m to 787.5 m, centered on limonite and drusy quartz coated fractures from 754.2 to 777.7 metres and is accompanied by dravite. Weak quartz dissolution to 810.4 m is followed by 3 m of strong silicification with minor chlorite and sooty pyrite.

The lowermost sandstone, from 787.5 m to the unconformity at 821.8 m, is bleached with diagenetic hematite bands. Weakly graphitic pelite was intersected in the basement at 840.0 metres and at 859.6 metres.

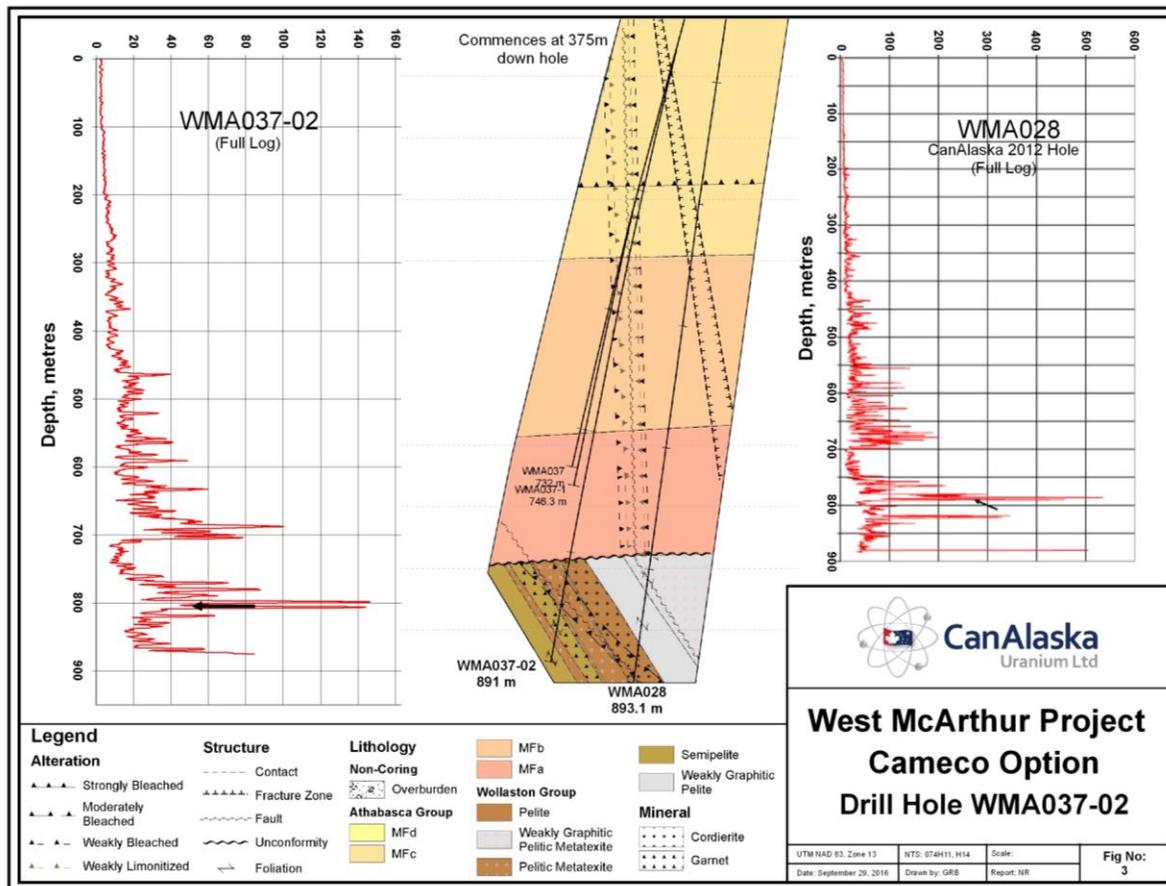


At the second drill site, hole WMA037 targeted the interpreted position of the C10 fault 70.0 m north of the WMA028 unconformity pierce point. A brittle fault zone from 224.5 m to 229.0 m is associated with quartz dissolution, unconsolidated sand, local dravite and sooty pyrite. Strongly

bleached sandstone continues through 358.5 m to 423.1 metres. A brittle fault from 405.2 m to 409.6 m is characterized by moderate desilicification, clay-coated fractures, and broken core. From 525.7 m to 542.0 m, broken core with steeply-dipping clay-coated fractures, bedding- and fracture-controlled desilicification is intersected. Variably bleached sandstone continues below the fault zone, before the drill hole was abandoned at 732.0 metres.

WMA037-1 was an offcut from the pilot hole at 516.0 m. It intersected similar fractures and desilicified ground, but it was also abandoned at 747.0 metres.

WMA037-2 was an offcut from the pilot hole at 372.0 m. The sandstone below 500.0 m is bleached with diagenetic hematite bands and limonite Liesegang rings and dravite occurs sporadically from 678 metres to the unconformity. The unconformity was intersected at 807.3 metres. Immediately below the unconformity, pelitic metatexite was intersected to 848.1 m. It is interpreted that the clay gouge at 839.5 m represents the up-dip projection of the targeted lower fault intercepted in CanAlaska's drill hole WMA028. The fault zone with associated desilicification around 535.0 m in WMA037, WMA037-1 and WMA037-2 is interpreted to represent the up-dip projection of the upper fault in the basement of WMA028, where CanAlaska intercepted 1200 cps related to uranium mineralization just above the unconformity.



President Peter Dasler commented, "The summer drill program gives us further encouragement for additional uranium mineralization along the path of the C10 conductor. These drill holes tested targets in a mineralized system, which trends for approximately 8 to 9km south west of the high grade uranium mineralization reported at Fox Lake. This is a very robust mineralized

system, and we are seeing evidence of more alteration surrounding the C10 fault structures. We are now looking forward to more drilling along the C10 conductor and whether the anticipated winter program will also include drill testing of the Grid 1 conductor package. There is a lot of opportunity on this property.”

CanAlaska and Cameco are exploring the West McArthur Uranium project under a \$12.5 million Agreement, which includes drill testing of Grid 5 and Grid 1 conductor packages. The project covers 35,830 hectares (88,536 acres) commencing 6 kilometres (4 miles) northwest of Cameco’s majority owned McArthur River uranium mine. Importantly, West McArthur is immediately adjacent to Cameco’s recently disclosed Fox Lake uranium discovery with reported inferred resources of approximately 68.1 million pounds based on 387,000 tonnes at 7.99% U3O8. The Fox Lake discovery is within the Read Lake project operated by Cameco (Cameco 78.2%, Areva 21.8%). For more information about the West McArthur project visit: http://www.canalaska.com/s/West_McArthur.asp?ReportID=560713.

About Cameco Corporation

Cameco is one of the world’s largest uranium producers, a significant supplier of conversion services and one of two CANDU fuel manufacturers in Canada. The company’s competitive position is based on controlling ownership of the world’s largest high-grade reserves and low-cost operations. Cameco’s uranium products are used to generate clean electricity in nuclear power plants around the world. Headquartered in Saskatoon, Saskatchewan, the company also explores for uranium in the Americas, Australia and Asia. Shares of Cameco trade on the Toronto and New York stock exchanges.

About CanAlaska Uranium

CanAlaska Uranium Ltd. (TSX-V: [CVV](#); OTCQB: [CVVUF](#); Frankfurt: [DH7N](#)) holds interests in approximately 500,000 hectares (1.2 million acres), one of the largest land positions in Canada’s Athabasca Basin region – the “Saudi Arabia of Uranium.” CanAlaska’s strategic holdings has attracted major international mining companies Cameco, Denison, KORES, KEPCO, and the De Beers Group of Companies. CanAlaska is a project generator and is positioned for discovery success in the world’s richest uranium district. For further information visit www.canalaska.com.

The qualified technical person for this news release is Dr Karl Schimann, P. Geo, VP Exploration, for CanAlaska.

On behalf of the Board of Directors

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