



## **CanAlaska Uranium Ltd.**

CVV - TSX CVVUF - OTCBB DH7N – Frankfurt

# Management Discussion and Analysis For the Second Quarter and Six Months Ended October 31, 2018

**Dated December 11, 2018**

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, 2018. 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, 2018.

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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 8 projects covering 115,000 hectares focused on Uranium, 2 projects covering 55,000 hectares focused on Diamonds and 5 projects covering 32,000 hectares focused on nickel, copper and other minerals (section 1.1)
- ✓ Cash resources of \$0.8 million (as at October 31, 2018)
- ✓ 32,851,701 common shares issued and outstanding (December 11, 2018)

**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 and recently, the exploration for diamond deposits in the same region. There are several projects on which the Company has expended recent efforts. The West McArthur project was under a 50% joint venture with Mitsubishi up to mid January 2016 and as of October 19, 2018 is now under a new joint venture 30% with Cameco Corporation ("Cameco"), the Cree East project was under a 50% joint venture with a Korean Consortium up to early July 2017, the Moon South project is under option to Denison Mines, and the NW Manitoba project is currently under option to Northern Uranium Corp ("Northern Uranium"). The Company recently acquired a number of properties focused in the exploration of diamonds. In May 2016, a portion of our West Athabasca Kimberlite project was optioned to De Beers Canada Inc. and in December 2016 that option agreement was terminated. Going forward it is expected that the Company will focus its effort on West McArthur, Cree East, West Athabasca Kimberlite and selected base metal and precious metal opportunities. The Company is actively marketing the remainder of its projects for option, joint venture or sale.

**Table 1: Canadian Strategic Property Summary**

Property / Project Name	Notes	Hectares
West McArthur	Option with Cameco Corporation	36,000
Cree East	Seeking Venture Partner.	58,000
NW Manitoba	Option with Northern Uranium Corp.	9,000
Moon South	Option with Denison Mines	2,700
West Athabasca Kimberlite	Seeking Venture Partner.	48,000

The Company’s exploration activities are managed through CanAlaska offices maintained in Vancouver, BC.

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 1985, CanAlaska has expended over \$78 million of the total equity of \$84.5 million on exploration and research towards the advancement of uranium, nickel and diamond discovery on our 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.

**1.2 Strategic and Operating Intent**

- Monitor and assist Cameco with exploration at West McArthur Uranium Project
- Complete equity financing options over the next months
- Targeted marketing of uranium projects for financing
- Targeted marketing of non-core projects
- Restriction of uranium exploration activity until financial markets recover in this sector
- Strong commitment to option, 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



As of December 10, 2018, the Company had 32,851,701 shares outstanding with a total market capitalization of \$10.7 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").

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, 2018, the Company reported a loss of \$0.7 million and as at that date had cash and cash equivalents of \$0.8 million, net working capital balance of \$1.0 million and an accumulated deficit of \$84.5 million.

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

## **2. MILESTONES AND PROJECT UPDATES**

### **2.1 Overview– May 1, 2018 to December 11, 2018**

- Joint venture to advance West McArthur uranium project (December 2018)
- CanAlaska announces closing of \$574,520 private placement (November 2018)
- Cameco earns 30% of West McArthur project (October 2018)
- CanAlaska nickel projects to be funded by Canada Metals (September 2018)
- CanAlaska models nickel target at Manibridge and completed sale of Fleetwood zinc property (July 2018)
- CanAlaska announces closing of \$513,518 private placement (June 2018)
- Ongoing summer work under Cameco's option agreement at West McArthur (May 2018)

In December 2018, the Company reported that it had formed the "West McArthur Joint Venture", with Cameco Corporation. The would act as the operator and 70% owner. At the December 6, 2018 joint venture meeting, operatorship was transferred and a \$2.4 million exploration budget was accepted for 2019 drilling and geophysics. The program of work will focus on extending the footprint of the three uranium mineralized discovery holes completed in 2017 and 2018.

In November 2018, the Company announced that it had closed its non-brokered private placement financing. The Company has issued 1,795,375 units for gross proceeds of \$574,520. In conjunction with these financings, the Company paid finders' fees to eligible finders in the aggregate amount of \$4,800 cash and 15,000 finder's warrants. Each finder's warrant is exercisable for one common share at a price of \$0.51/share for a three year period; provided that after the four month hold period expires, if for 10 consecutive days the closing price of the Company's shares on the TSX-V exceeds \$0.90, then the Company may anytime thereafter accelerate the expiry date of the warrants to the date that is 10 days following the date on which the Company issues notice to all the warrant holders of the new expiry date.

In October 2018, the Company reported that Cameco Corporation had given notice to acquire its 30% interest and form a joint venture on the West McArthur uranium project. The Company will not become operator of the joint venture. The Company is currently in the process of preparing a program of work for 2019 exploration

In September 2018, the Company reported that it had entered into letters of intent ("LOI") with Melbourne-based Canada Metals Ltd. for an Option-Purchase of the Manibridge nickel project, and an Option to earn 70% of the Strong nickel project. Canada Metals Ltd. is an Australian-incorporated public unlisted company based in Melbourne, Australia, and supported by Peak Asset Management investment group. Canada Metals Ltd is currently planning to undertake an IPO to list on the Australian Securities Exchange ("ASX"). Both projects will receive significant drill programs following the proposed financing of Canada Metals Ltd pursuant to its ASX listing.

The LOIs are largely non-binding, and the transaction is subject to satisfactory due diligence being undertaken on the projects by Canada Metals, and the parties executing binding contractual agreements. The parties will now proceed to conduct the diligence process and negotiate the terms of binding contractual documentation for the transactions.



In July 2018, the Company announced that it modeled historical drill data and defined a 400 metre long high-grade nickel target within a 1,200 metre long horizon of semi- continuous nickel mineralization, north of the former producing Manibridge nickel mine, in the Thompson Nickel Belt, Manitoba. The Manibridge project is located in an area of generally high nickel tenor mineralization, outlined by discovery drill holes and recent airborne geophysical surveys, as well as a number of untested targets. Additional airborne survey work is currently being tendered by the Company, with the aim to have several drill targets ready by fall 2018. The Company also announced that it had completed the sale of the Fleetwood zinc property near Harrison BC for a cash payment of \$10,000 and issuance of 200,000 common shares of Inomin Mines Inc.

In June 2018, the Company announced that it had closed its non-brokered private placement financing. The Company has issued 531,588 units for gross proceeds of \$180,740 and 853,276 flow-through units for gross flow-through proceeds of \$332,778. In conjunction with these financings, the Company paid finders' fees to eligible finders in the aggregate amount of \$20,292.28 cash and 52,955 finder's warrants. Each finder's warrant is exercisable for one common share at a price of \$0.51/share for a two year period; provided that after the four month hold period expires, if for 10 consecutive days the closing price of the Company's shares on the TSX-V exceeds \$0.90, then the Company may anytime thereafter accelerate the expiry date of the warrants to the date that is 10 days following the date on which the Company issues notice to all the warrant holders of the new expiry date.

In May 2018, the Company reported ongoing summer work under Cameco's year 3 program at the 5 kilometre long Grid 5 target. The summer activities will include borehole EM to explain and locate the conductor and better interpret the fault location.

## 2.2 Project Updates

### Overview

The Company currently has 13 projects within the Athabasca basin area. There is significant exploration being carried out on the West McArthur project, which was under an option to Cameco and is now under a 30% joint venture with Cameco. In the first six months of fiscal 2019, the Company spent approximately \$172,000 on exploration.

Exploration spending in the first two quarter of 2019 is up from the same comparative quarter of 2018 largely due to the recovery from the MEAP grant from the Manitoba government for our exploration activities on our Ruttan project in the prior year. 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, 2018.

<b>Table 2: (\$000's)</b>		<b>West</b>	<b>NW</b>	<b>Other</b>	<b>Other and</b>	
<b>Total Exploration</b>	<b>Cree East</b>	<b>McArthur</b>	<b>Manitoba</b>	<b>Athabasca</b>	<b>Generative</b>	<b>Total</b>
				<b>Basin Projects</b>	<b>Projects</b>	
Camp Cost & Operations	-	-	-	-	-	-
Drilling	-	-	-	-	-	-
General & Administration	-	3	12	23	20	58
Geochemistry	-	-	-	1	-	1
Geology	-	-	-	27	28	55
Geophysics	-	-	-	54	4	58
Other	-	-	-	-	-	-
<b>Gross Expenditures</b>	<b>-</b>	<b>3</b>	<b>12</b>	<b>105</b>	<b>52</b>	<b>172</b>
Reimbursement	-	-	-	-	-	-
<b>Net Expenditures</b>	<b>-</b>	<b>3</b>	<b>12</b>	<b>105</b>	<b>52</b>	<b>172</b>

The following section contains a comparative breakdown of project expenditures for the Company's significant projects.



### 2.2.1 West McArthur Project, Saskatchewan – Cameco

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 earned a 50% interest in the property and in January 2016, the Company entered into a buy back agreement with Mitsubishi for their 50% interest to then hold a 100% interest in the property. In February 2016, the Company then entered into an option agreement with Cameco Corporation. The option agreement enables Cameco to earn up to a 60% interest in the West McArthur project through total expenditures of \$12.5 million until February 2022 (\$725,000 received) consisting of cash payments to the Company and accelerating exploration programs, culminating in a joint venture. In October 2018, the Company entered into a 30/70 joint venture agreement with Cameco Corporation.

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 (locally high grade) 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. However, the property is in close proximity to the McArthur River uranium mine operated by Cameco. 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.

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. The West McArthur property is without known reserves and any proposed program is exploratory in nature.

In May 2017, the Company received Cameco's \$1.9 million budget for geophysics and drilling at the West McArthur uranium project. The exploration activities were targeting Grid 1 and Grid 5 using a helicopter supported team based at Cameco's nearby majority owned McArthur River mine.

In August and September 2017, the Company received interim drilling results from Cameco and in November 2017, the Company received final results from drill holes WMA042 and WMA042-2, on the West McArthur uranium project. First two holes on C10 conductor intersect 1.51% U<sub>3</sub>O<sub>8</sub> over 5.5 metres and 1.26% U<sub>3</sub>O<sub>8</sub> over 4.4 metres, highlighted by 4.15% U<sub>3</sub>O<sub>8</sub> over 1.4 metres. The two drill holes intersected high-grade uranium within a broad fault controlled zone of strongly bleached sandstone accompanied by a pyrite halo just above the Athabasca sandstone unconformity.

Also, in November 2017, the Company received Cameco's proposed 2018 program and budget for the West McArthur uranium project. Cameco proposed a \$1.61 million drill exploration program starting in the first quarter of 2018. The exploration program includes 6,200 metres (20,300 feet) of drilling (6 - 7 drill holes) at Grid 5 in the vicinity of the West McArthur discovery. Cameco's exploration campaign follows-up a successful seven-hole summer drill program that intersected high-grade uranium along trend from Cameco's Fox Lake uranium discovery.



In January 2018, ground geophysical surveys were completed and in March 2018, the winter program of 6 to 7 drill holes was ongoing and new targets had been defined following the completion of a Step Wise Moving Loop Time Domain EM ground survey. Initial drill holes were being followed-up with wide spaced step-out holes.

In April 2018, the Company received the results from Cameco's winter drill program at the 5 kilometre long Grid 5 target area. Cameco's drilling concentrated on developing an overall view of the geology and alteration between hole WMA047, located 1.4 kilometres to the southwest of the uranium mineralization in hole WMA042, through to hole WMA050 located 800 metres to the northeast. Additional drill holes over a two kilometre trend also intercepted encouraging alteration and additional graphitic horizons. Of the seven drill holes completed this winter, six had significant faulting and alteration and one was mineralized (WMA045).

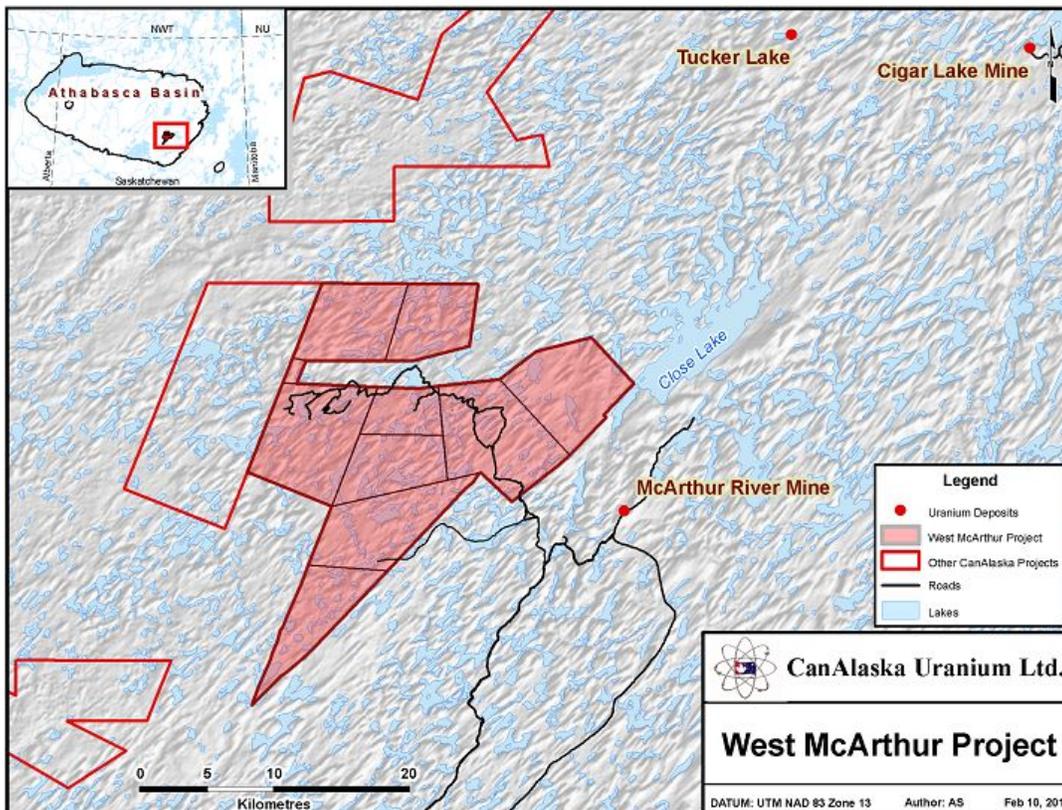
In May 2018, the Company reported ongoing summer work under Cameco's year 3 program at the 5 kilometre long Grid 5 target. The summer activities will include borehole EM to explain and locate the conductor and better interpret the fault location.

Total expenditures reported by Cameco Corporation during the option period to October 31, 2018 of \$5.0 million.

In October 2018, the Company reported that Cameco Corporation had given notice to acquire its 30% interest and form a joint venture on the West McArthur uranium project. The Company will not become operator of the joint venture. The Company is currently in the process of preparing a program of work for 2019 exploration

In December 2018, the Company reported that it had formed the "West McArthur Joint Venture", with Cameco Corporation. The would act as the operator and 70% owner. At the December 6, 2018 joint venture meeting, operatorship was transferred and a \$2.4 million exploration budget was accepted for 2019 drilling and geophysics. The program of work will focus on extending the footprint of the three uranium mineralized discovery holes completed in 2017 and 2018.

The West McArthur property is without known reserves and any proposed program is exploratory in nature.





### 2.2.2 Cree East Project, Saskatchewan

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 July 2017, the Company reported that it and its Korean partners, Hanwha, KORES, KEPCO, and SK Networks, had entered into a buy back agreement for the Korean partners' 50% interest in the Cree East uranium project limited partnership. The Company bought back the 50% interest in the limited partnership earned by the Korean partners in consideration for certain indemnities which it provided to the Partners. In addition, all funds previously invested by the partners that was held in the partnership's bank account on the date of closing, was returned to the partners at closing. The Company owned an unencumbered 100% interest in the project.

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 November 2020 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.

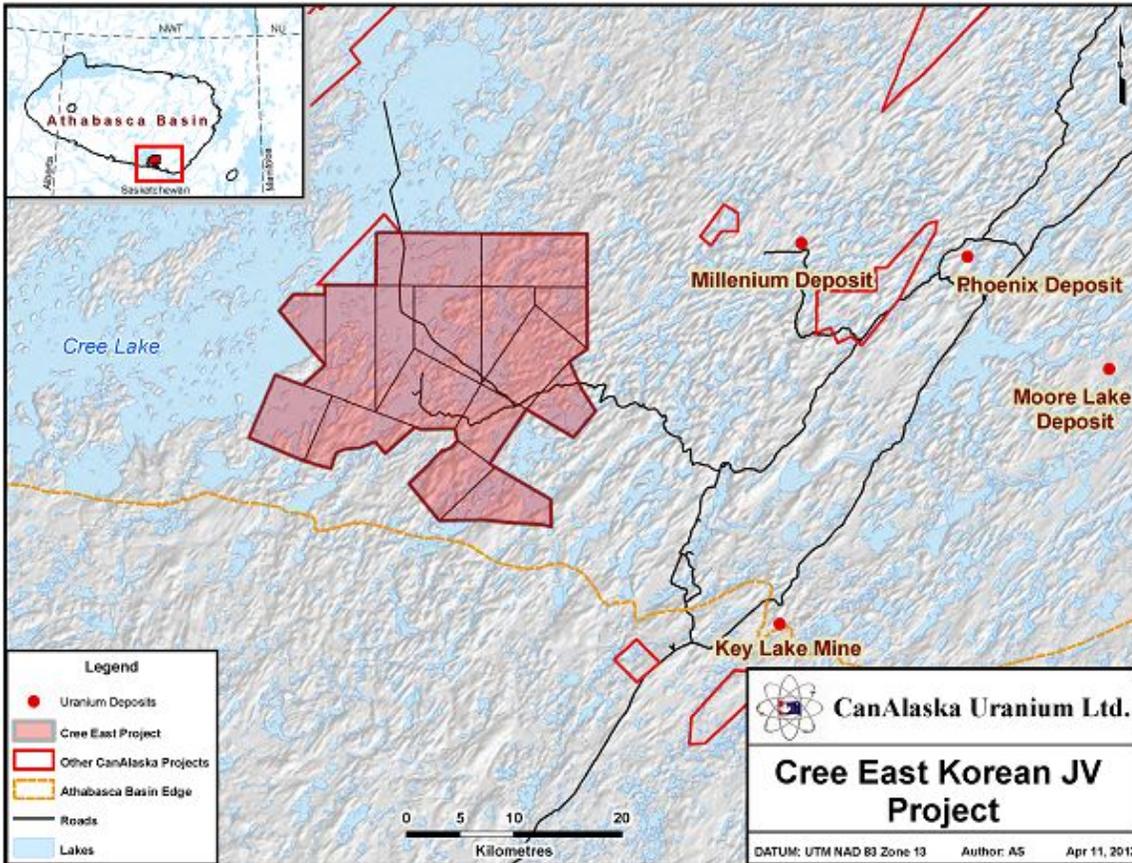
The project area covers Athabasca group conglomerates and sandstones. Sandstone unconformity overlies basement at depths in the order of 200 to 300 metres in the south. Structural breaks which trend across the across the property further drop the basement to estimated depths of 800 to 900 metres across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

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 Cree East property is without known reserves and any proposed program is exploratory in nature.

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 million to \$4 million, including drill geophysics, camp and logistics.

The Cree East property is without known reserves and any proposed program is exploratory in nature.



### 2.2.3 NW Manitoba, Manitoba - Northern Uranium Corp.

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 had 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 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 September 2015.



In November 2017, Northern Uranium reported its intention to form a 70/30% joint venture with the Company for the NW Manitoba property.

In June 2018, the Company and Northern Uranium staked 37 claim blocks totalling 9,472 hectares. The Company's portion of the staking cost amounted to \$29,518.

#### **2.2.4 West Athabasca Kimberlite**

In February 2016, the Company acquired by staking, approximately 75 kimberlite targets in the Western Athabasca Basin, Saskatchewan. The claims staked cover kimberlite style targets developed from a high resolution airborne geophysical survey carried out on behalf of the Saskatchewan Geological Survey. The 2011 airborne magnetic survey reveals a series of discrete magnetic anomalies with a shallow signature northeast of the Carswell structure and close to a large crustal structure, the Grease River Shear Zone.

In May 2016, the Company entered into an option-participation agreement with De Beers Canada Inc. for \$20.4 million on kimberlite style targets in the northwestern Athabasca basin, Saskatchewan. The claims staked by the Company and optioned to De Beers cover 75 kimberlite-style targets developed from a recent high resolution airborne geophysical survey carried out on behalf of the Saskatchewan Geological Survey in 2011. The agreement grants De Beers an option to acquire up to 90% interest in the project by completing work commitments in multiple stages totalling \$20.4 million.

In May 2016, the Company entered into an option agreement with Fjordland Exploration Inc. on 2 claim blocks in our Western Athabasca Kimberlite project. Fjordland Exploration Inc. may earn a 100% interest in the project by making payment of \$50,000 (\$5,000 received), issuing 4,000,000 common shares and completing work commitments of \$100,000 by December 31, 2017.

In June 2016, the Company reported that De Beers' exploration team has collected over 100 samples of kimberlite indicator mineral (KIM) processing from the West Athabasca project. The samples of glacial gravels were collected from eskers within the target area. These samples will be processed in De Beers laboratories to establish further evidence of kimberlite intrusives associated with the magnetic anomalies staked by the Company.

In August 2016, the Company reported that De Beers' exploration team was preparing to start drilling kimberlite targets at the Company's West Athabasca diamond project. De Beers' recently completed detailed airborne surveys over the diamond project area confirmed the presence of several near surface magnetic anomalies. A drill program is scheduled to start at the end of August and continue mid-October to test a selection of the accessible land targets. Drilling of the remaining targets that are located under lakes are planned for winter 2017. All drill core will be shipped to De Beers' facilities for detailed logging, sampling, and mineral processing.

In September 2016, the Company reported that De Beers Exploration has commenced its drill program at the Company's West Athabasca diamond project. Eleven kimberlite targets with various features are scheduled to be drilled in this current program, with the balance to be tested this winter, results dependent. Detailed low level airborne survey has identified 85 magnetic anomalies, enclosing 258 discrete magnetic targets.

In September 2016, the Company reported that it had been informed by De Beers exploration that seven of the 11 anomalies originally targeted as accessible for the summer program at the West Athabasca diamond project were drilled, while the remaining four targets have been deferred due to high water levels. The condensed summer program finished without intersecting kimberlite.

In December 2016, the Company reported that it had received notice from De Beers for the termination of the West Athabasca Kimberlite project option. De Beers' exploration team has interpreted the 85 large magnetic anomalies scattered across the claims to be most likely associated with magnetic minerals within organic material in the overburden. De Beers' drill program in September 2016 tested seven magnetic targets accessible before winter, located mostly in the southern claim groups. It is highly unusual to encounter such magnetic material in organic overburden. Samples from this material were sent to Saskatchewan Research Council (SRC) and McMaster University for analysis and review.

In January 2017, the Company provided detailed imaging from the recent West Athabasca airborne surveys carried out in 2016 under the recently terminated option with De Beers. The images of magnetic anomalies and models are presented on the Company's website along with a description of deeper modeling of kimberlite targets by consultants Scott Hogg and Associates.



In March 2017, the Company reported that it has received all property data from De Beers and have commenced geophysical review of the targets which show potential for pipe-like features. Discussions have commenced with third parties concerning exploration of the targets.

On April 26, 2017, the Company received notice from Fjordland Exploration Inc. for the termination of the West Athabasca Kimberlite project option.

In December 2017, the Company acquired five claim blocks totalling 2,780 hectares in the Western Athabasca Basin northeast of the Carswell structure and close to a large crustal structure, the Grease River Shear Zone for \$1,692. These claims complement the Western Athabasca diamond project, previously optioned by De Beers.

In June 2018, the Company acquired 28 claim blocks totalling 13,535 hectares in the Western Athabasca Basin northeast of the Carswell structure and close to a large crustal structure, the Grease River Shear Zone for \$9,769.

In July 2018, the Company recognized an impairment on its West Athabasca Kimberlite claims of approximately \$2,000 as it did not renew certain of its permits on these claims.

In October 2018, the Company acquired 12 additional claim blocks totaling 5,893 hectares for \$4,347.

### **2.2.5 Moon**

In December 2016, the Company reported the start of ground surveys in preparation for a further drill program on the Moon South claim. Exploration is being conducted by Denison Mines Corp ahead of proposed drilling this summer. The current target on the Moon South property is underlain by 450 metres of 550 metres of Manitou Falls and Read formation sandstone.

In March 2017, the Company reported that Denison has now completed line cutting in preparation of the DCIP resistivity survey which is scheduled to commence in early April 2017. A second phase drill program is planned for the summer 2017. Work will be focussed along the CR-3 conductive trend which is located approximately 2 kilometres west of the K-trend which hosts the Gryphon deposit on Denison's adjacent Wheeler River property. An initial hole drilled at Moon South in 2016 (MS-16-01) on the CR-3 trend, near the southern boundary of the Moon South property, intersected 0.1% U<sub>3</sub>O<sub>8</sub> over 0.5 metres at the sub-Athabasca unconformity and was encompassed by a significant sandstone alteration and geochemical halo. The CR-3 trend has been interpreted over a distance of approximately five kilometres on the Moon South property and is completely untested to the northeast of drill hole MS-16-01.

In May 2017, the Company received notification that Denison has met the exploration requirement for the first option and has earned 51% legal and beneficial interest in the Moon project.

In July 2017, the Company recognized an impairment on certain of its Moon North claims of approximately \$2,000 as it did not renew its permits on these claims

### **2.2.6 Ruttan-Nisku**

In March 2017, The Company reported that it has two large geophysical targets adjacent to and northeast of the past producing Ruttan copper-zinc mine. This mine was the third largest mined VMS deposit in Canada (82 million tonnes). A target immediately north of the mine has been outlined by 15 shallow drill holes along a 1.2 kilometre strike length. The next drill program on this target will be to test the VMS horizon between 100 metres and 500 metres depth. In March 2017, the Company plans to mobilize a diamond drill for two exploratory holes on a further large target located seven kilometres to the east of the North Ruttan zone. This target, labeled "Nisku", shows evidence of a large magnetic and conductive target which is believed to be near surface for approximately 1,000 metres.

In April 2017, the Company announced it had completed four drill holes to depths of 140 to 260 metres from surface, to test the Nisku geophysical target located 12 kilometres northeast of the past producing Ruttan mine. Three drill holes intercepted semi-massive to massive sulphide mineralization. The fourth drill hole intersected a more complex tuffaceous sequence that also included sections of sulphide mineralization. Drill assay results were released in May.

In May 2017, the Company announced results from the four reconnaissance drill holes at the Nisku target located 7 kilometres east of the Company's North Ruttan copper-zinc property in the Leaf Rapids area of northern Manitoba. Drilling intersected massive iron sulphides between surface and 150 metres depth, with elevated copper mineralization in holes NSK001- NSK002 and NSK003. Drill



hole NSK004 located to the east intersected volcanics with minor sulphides. The drilling has set the framework for more detailed interpretation of the zone and the localization of the expected feeder pipes proximal to the massive sulphides and stratigraphic rock package intersected in these first four drill holes.

In June 2017, the Company received \$90,641 from the Mineral Exploration Assistance Program (MEAP) from the Manitoba government for exploration expenditures on the Ruttan project.

**2.2.7 Thompson Nickel Belt**

In October 2018, the Company acquired 8 claim blocks totalling 13,172 hectares located in the Thompson, Manitoba region for \$7,903.

**2.2.8 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 3:**

<b>Other projects update</b>	<b>Status</b>	<b>Recent work undertaken</b>
Alberta Diamond	Seeking Venture Partner	Airborne survey in October 2016
Kasmere	Seeking Venture Partner	Exploration permits issued 2016
Key Lake	Seeking Venture Partner	No significant work undertaken
McTavish	Seeking Venture Partner	No significant work undertaken
Moon	Denison Mines Corp.	First drill hole completed in early 2016
NW Kimberlite	Option with Fjordland and De Beers option terminated in Dec 2016	7 of the 300+ De Beers kimberlite targets tested
Patterson	Seeking Venture Partner. Option with Makena terminated	Two drill holes carried out by Makena
Waterbury	Portion purchased by Cameco	Drill program carried out by Cameco in 2017
Zeballos	Seeking Venture Partner	Consolidating ownership

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 2019, the Company recognized an impairment on its West Athabasca Kimberlite and Fleetwood claims of approximately \$3,000 as it did not renew certain of its permit on these properties. During the first quarter of fiscal 2019, the Company staked 37 claim blocks totalling 9,472 hectares on its NW Manitoba project for \$29,518 and acquired 28 claim blocks totalling 13, 353 hectares on its West Athabasca Kimberlite project for \$9,769. In the second quarter of fiscal 2019, the Company acquired 12 claims blocks and 8 claim blocks respectively for it West Athabasca Kimberlite and Thompson Nickel Belt projects for an aggregate of \$12,250.

CanAlaska maintains 6 other projects in the Athabasca basin and 2 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.



### 3. FINANCIAL POSITION AND CAPITAL RESOURCES

#### 3.1 Cash and Working Capital

<b>Table 4: (\$000's)</b>		
<b>Cash and Working Capital</b>	<b>Oct-18</b>	<b>Apr-18</b>
Cash and cash equivalents	813	899
Prepaid and deposits	50	67
Available-for-sale securities	341	502
Trade and other payables	(230)	(210)
Deferred flow-through premium	(11)	-
<b>Working capital</b>	<b>963</b>	<b>1,258</b>

For analysis and discussion of the movement in cash and cash equivalents reference should be made to Section 5 of this MD&A. Reference should be made to note 4 of the condensed interim consolidated financial statements for further details.

As at October 31, 2018, included within trade and other receivables is approximately \$5,000 in Goods and Services Tax ("GST") refunds, \$11,000 in prepaid market related services expenses and \$16,000 in prepaid insurance, \$2,000 in interest receivable and \$11,000 in mineral property application deposits. The decrease in available-for-sale securities is primarily a result of a decrease in the market value of the Company's portfolio of available-for-sale securities at period end. The increase in trade and other payables is due primarily to the deferral of a portion of salaries by the Chief Executive Officer and Chief Financial Officer of the Company.

#### 3.2 Other Assets and Liabilities

<b>Table 5: (\$000's)</b>		
<b>Other Assets and Liabilities</b>	<b>Oct-18</b>	<b>Apr-18</b>
Reclamation bonds	75	72
Property and equipment	31	34
Mineral property interests (Section 2.2)	233	184

During the six months ended October 31, 2018, the Company recognized an impairment on its West Athabasca Kimberlite and Fleetwood projects for approximately \$3,000 as it did not renew certain of its permits for these properties. Also during the period, the Company and Northern Uranium staked 37 claim block totalling 9,472 hectares in our NW Manitoba project. The Company's portion of the staking cost amounted to \$29,518. The Company also acquired 40 claim blocks for the West Athabasca Kimberlite project totalling 19,428 hectares in the Western Athabasca Basin northeast of the Carswell structure and close to a large crustal structure, the Grease River Shear Zone for \$14,116. The Company also acquired 8 claim blocks for the Thompson Nickel Belt project totalling 13,172 hectares located in the Thompson, Manitoba region for \$7,903.



### 3.3 Equity and Financings

**Table 6: (\$000's)**

<b>Shareholders' Equity</b>	<b>Oct-18</b>	<b>Apr-18</b>
Common shares	75,590	75,219
Equity reserve	12,000	11,823
Investment revaluation reserve	(1,784)	172
Deficit	(84,504)	(85,666)
<b>Total shareholders' equity</b>	<b>1,302</b>	<b>1,548</b>

**Table 7: (000's)**

<b>Equity Instruments</b>	<b>Oct-18</b>	<b>Apr-18</b>
Common shares outstanding	31,056	29,672
Options outstanding		
Number	1,460	2,510
Weighted average price	\$0.42	\$0.43
Warrants outstanding		
Number	3,684	3,079
Weighted average price	\$0.61	\$0.64

#### Equity instruments

As of December 11, 2018, the Company had the following securities outstanding. Common shares - 32,851,701; stock options – 1,460,000; and warrants – 4,597,185.

On November 20, 2018, the Company completed a non-brokered private placement and issued 1,795,375 units at a price of \$0.32 per unit for gross proceeds of \$574,520. Each unit consists of one common share and a half share purchase warrant. Each whole share purchase warrant entitles the holder to purchase one additional common share for a period of three years from the closing date, at a price of \$0.51 per share, provided that after the four month hold period expires, if the closing price of the Company's listed shares on the TSX Venture Exchange exceeds \$0.90 per share for 10 consecutive trading days then thereafter the exercise period of the share purchase warrant will be reduced to a period of 10 calendar days following the date express written notice of such acceleration is provided by the Company to the warrant holder. The Company paid cash finder's fee of \$4,800 and issued 15,000 finder's warrants in connection with this placement. The finder's warrants issued as part of this placement have been recorded at a fair value of \$572 determined using the Black-Scholes option pricing model and have the same terms as the warrants attached to the units.

In June 2018, the Company completed a non-brokered private placement and issued 853,276 flow-through units at a price of \$0.39 and 531,588 units at a price of \$0.34 per unit for gross proceeds of \$513,518. Each flow-through unit and ordinary unit consists of one common share and a half share purchase warrant. Each whole share purchase warrant entitles the holder to purchase one additional common share for a period of two years from the closing date, at a price of \$0.51 per share, provided that after the four month hold period expires, if the closing price of the Company's listed shares on the TSX Venture Exchange exceeds \$0.90 per share for 10 consecutive trading days then thereafter the exercise period of the share purchase warrant will be reduced to a period of 10 calendar days following the date express written notice of such acceleration is provided by the Company to the warrant holder. The Company paid cash finder's fee of \$20,292, legal fees of \$10,060 and issued 52,955 finder's warrants in connection with this placement. The finder's warrants issued as part of this placement have been recorded at a fair value of \$2,359 determined using the Black-Scholes option pricing model and have the same terms as the warrants attached to the units.

In February 2018, the Company completed a non-brokered private placement and issued 1,722,823 units at a price of \$0.34 per unit for gross proceeds of \$585,760. Each unit consists of one common share and a half share purchase warrant. Each whole share purchase warrant entitles the holder to purchase one additional common share for a period of two years from the closing date, at a price of \$0.51 per share, provided that after the four month hold period expires, if the closing price of the Company's listed shares on the TSX Venture Exchange exceeds \$0.90 per share for 10 consecutive trading days then thereafter the exercise period of the share purchase warrant will be reduced to a period of 30 calendar days following the date express written notice of such acceleration is provided by the Company to the warrant holder. The Company paid cash finder's fee of \$26,418, legal fees of \$10,183 and issued



77,700 finder's warrants in connection with this placement. The finder's warrants issued as part of this placement have been recorded at a fair value of \$5,791 determined using the Black-Scholes option pricing model and have the same terms as the warrants attached to the units.

**Table 8: Proceeds from Financings**

Date	Type	Intended Use	Actual Use
February 2018	\$0.5 million – 1,722,823 Ordinary units	Acquisition for uranium and other mineral exploration in Saskatchewan, Manitoba and Alberta as well as for general corporate purposes	As Intended
June 2018	\$0.5 million – 531,588 Ordinary units and 853,276 Flow through units	Acquisition for uranium and other mineral exploration in Saskatchewan, Manitoba and Alberta as well as for general corporate purposes	As Intended
November 2018	\$0.6 million – 1,795,395 Ordinary units	Acquisition for uranium and other mineral exploration in Saskatchewan, Manitoba and Alberta as well as for general corporate purposes	As Intended

#### 4. EXPENDITURES REVIEW

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

Quarterly Net Loss & Comprehensive Loss Summary	Quarterly							
	Q317	Q417	Q118	Q218	Q318	Q418	Q119	Q219
<b>Exploration Cost</b>								
Mineral property expenditures net of reimbursements	50	216	(32)	47	42	102	60	112
Mineral property write-offs	9	214	2	-	-	5	3	-
Recoveries on option payments received	-	-	-	-	-	(29)	-	-
Equipment rental income	-	(1)	-	-	-	-	-	-
	59	429	(30)	47	42	78	63	112
<b>Other Expenses (Income)</b>								
Consulting, labour and professional fees	144	161	145	102	117	144	113	140
Depreciation	10	2	2	3	2	3	2	2
(Gain) loss on disposal of properties and equipments	-	(219)	-	-	-	-	-	-
Foreign exchange (gain) loss	-	-	-	-	1	(2)	-	(1)
Insurance, licenses and filing fees	10	16	26	27	10	15	31	26
Interest income	(2)	(3)	(2)	(1)	(1)	(1)	(2)	(3)
Other corporate costs	8	22	5	19	9	12	9	10
Investor relations and presentations	54	25	15	51	42	44	40	24
Rent	5	4	5	5	4	3	4	3
Stock-based payments	130	-	-	-	147	-	85	-
Travel and accommodation	14	12	9	14	11	12	13	11
Impairment and loss (gain) on disposal of available-for-sale securities	15	215	27	15	-	(31)	(10)	(9)
Flow-through premium	-	-	-	-	-	-	(3)	(7)
Management fees	1	-	-	-	-	-	-	-
	389	235	232	235	342	199	282	196
<b>Net loss for the period</b>	<b>(448)</b>	<b>(664)</b>	<b>(202)</b>	<b>(282)</b>	<b>(384)</b>	<b>(277)</b>	<b>(345)</b>	<b>(308)</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	(221)	(47)	4	(95)	53	68	(41)	182
<b>Comprehensive loss</b>	<b>(227)</b>	<b>(617)</b>	<b>(206)</b>	<b>(187)</b>	<b>(437)</b>	<b>(345)</b>	<b>(304)</b>	<b>(490)</b>
Basic and diluted loss per share	(0.02)	(0.02)	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)	<b>(0.01)</b>

In the six months ended October 31, 2018, the Company spent \$172,000 on exploration costs. The majority of the exploration expenditures were allocated to West Athabasca Kimberlite, Ruttan and Thompson Nickel Belt projects.



In Q119, the Company recognized mineral property impairments on West Athabasca Kimberlite and Fleetwood projects for approximately \$3,000 as the Company did not renew certain of its permits for these projects. In Q219, there was no mineral property impairments.

Camp and other miscellaneous exploration equipment owned by the Company was maintained at our La Ronge warehouse. Equipment rental income is comprised of income from charging exploration projects for the rental of this equipment. In Q217, the rental income is related to the rental of tents and camp supplies to a 3rd party. The La Ronge facility and certain property and equipment was sold on February 2, 2017 for \$310,000.

Consulting, labour, and professional fees were higher in Q219 compared to Q218. The increase is attributable to the increase in the usage of legal and consulting services in Q219 compared with Q218. In Q219, the costs compared to Q218 is related to the increased use of market consulting services for approximately \$23,000, the payment of directors' fees of approximately \$7,500, and . use of legal services of approximately \$13,000.

In Q219, insurance, licenses and filing fees were consistent with Q218. The primary expenditures for the period are related to the annual general meeting materials and related costs.

Investor relations expenses were lower in Q219 compared to Q218. The decrease is primarily attributed to the decreased usage investor relations publications and consultant services in Q219 compared with Q218.

## **5. CASHFLOW AND LIQUIDITY REVIEW**

As of October 31, 2018, the Company had \$0.8 million in cash and cash equivalents and working capital of \$1.0 million and as of April 30, 2018, the Company had \$0.9 million in cash and cash equivalents and working capital of \$1.3 million.

### **5.1 Operating Activities**

The Company's operating activities resulted in net cash outflows of \$0.6 million and \$0.5 million for the six months ended October 31, 2018 and 2017 respectively. Operating activities and costs for the six months ended October 31, 2019 are higher than the six months ended October 31, 2017. The increase was primarily due to the increase in the exploration activity in 2018 compared to 2017. The Company is continuing its efforts to minimize its operating costs in order to conserve its cash reserves.

### **5.2 Financing Activities**

Financing activities resulted in net cash inflows of approximately \$0.5 million and \$11,000 for the six months ended October 31, 2018 and 2017 respectively. During the six month period ended October 31, 2018, the Company completed a non-brokered private placement for gross proceeds of \$513,518. During the six month period ended October 31, 2017, the Company had no financing activities and received \$11,250 from the proceeds on exercise of stock options. 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 outflows of approximately \$16,000 and \$79,000 for the six months ended October 31, 2018 and 2017 respectively. During the six months ended October 31, 2018, the Company acquired claims for NW Manitoba, West Athabasca Kimberlite and Thompson Nickel Belt projects totalling approximately \$52,000. Also, during the six months ended October 31, 2018, the Company received approximately \$39,000 in proceeds from the sale of available-for-sale securities. During the six months ended October 31, 2017, the Company bought back 50% interest in the Cree East property, staked a property in British Columbia and acquired claims in an area highly prospective for sulphide nickel totalling approximately \$99,000. The Company also received proceed of approximately \$20,000 from the sale of available-for-sale securities.

## **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, 2018, 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, 2017 and 2016 were as follows. Certain compensation is paid to Schimann Consultants, a company controlled by the VP of Exploration and to a director of the Company.

<b>Table 10: Compensation to Related Parties</b> <b>(\$000's)</b>	<b>Three months ended October 31</b>		<b>Six months ended October 31</b>	
	<b>2018</b> \$	<b>2017</b> \$	<b>2018</b> \$	<b>2017</b> \$
Employment benefits	83	79	160	157
Consulting fees	44	34	76	71
Directors fees	8	-	8	-
Share-based compensation	-	-	67	-

Included in trade and other payables is amounts owing to Peter Dasler, Chief Executive Officer of \$87,771 (2018 - \$nil) and to Harry Chan, Chief Financial Officer of \$38,850 (2018 - \$nil).

The directors and key management were awarded the following share options under the employee share option plan during the six months ended October 31, 2018:

<b>Table 11: Share Option Issuance</b>			
<b>Date of grant</b>	<b>Number of options</b>	<b>Exercise price</b>	<b>Expiry</b>
May 2, 2018	350,000	\$0.34	May 2, 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 unsuccessful 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 10 of the audited consolidated financial statements for the year ended April 30, 2018. 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 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. 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, 2018 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**

The adoption of IFRS 9 began on May 1, 2018 using the retrospective method. The adoption of IFRS 9 resulted in an increase to the opening accumulated deficit on May 1, 2018 of \$1,814,515 with a corresponding adjustment to investment revaluation reserve.

#### **6.7 Future Accounting Pronouncements**

The following revised standards and amendments are effective in future accounting periods with earlier application permitted, except where indicated.



IFRS 16, *Leases*, addresses accounting for leases and lease obligations. It replaces the existing leasing guidance in IAS 17, *Leases*. The objective of the new standard is to report all leases on the statement of financial position and to define how leases and lease liabilities are measured. IFRS 16 is effective January 1, 2019 with early adoption permitted for companies that also apply IFRS 15 *Revenue from Contracts with Customers*. The Company is currently assessing the impact of IFRS 16.

There are no other IFRS's or International Financial Reporting Interpretations Committee ("IFRIC") interpretations that are not yet effective that are expected to have a material impact on the Company.

## **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 201,832 ha of property to reduce to 188,464 ha by December 31 2018, and 157,242 ha by December 31 2019. The Cree East and West McArthur projects, with current work filings are in good standing for a minimum 10 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, and found multiple targets of interest, 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.

### **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**

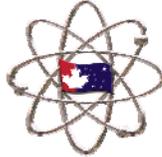
Some of the Company's directors and officers are directors and officers of other natural resource or mining-related companies. These associations may give rise from time to time to conflicts of interest. As a result of such conflict, the Company may miss the opportunity to participate in certain transactions.

**7. QUARTERLY FINANCIAL INFORMATION**

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

<b>Table 12: (\$000's)</b>	<b>Quarterly</b>							
<b>Loss &amp; Comprehensive Loss Summary</b>	<b>Q317</b>	<b>Q417</b>	<b>Q118</b>	<b>Q218</b>	<b>Q318</b>	<b>Q418</b>	<b>Q119</b>	<b>Q219</b>
<b>Revenue</b>	-	-	-	-	-	-	-	-
<b>(Loss) earnings for the period</b>	(448)	(664)	(202)	(282)	(384)	(277)	(345)	<b>(308)</b>
<b>(Loss) earnings per share</b>	(0.02)	(0.02)	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)	<b>(0.01)</b>

<b>Table 13: (\$000's) Financial Position summary</b>	<b>As at</b>							
	<b>Jan 31, 2017</b>	<b>Apr 30, 2017</b>	<b>Jul 31, 2017</b>	<b>Oct 31, 2017</b>	<b>Jan 31, 2018</b>	<b>Apr 30, 2018</b>	<b>Jul 31, 2018</b>	<b>Oct 31, 2018</b>
<b>Total Assets</b>	2,635	2,082	1,828	1,633	1,483	1,758	2,035	<b>1,543</b>
<b>Total Liabilities</b>	137	196	148	129	139	210	243	<b>241</b>
<b>Total Equity</b>	2,498	1,886	1,680	1,504	1,504	1,548	1,792	<b>1,302</b>



# **CanAlaska Uranium Ltd.**

Condensed Interim Consolidated Financial Statements

**Second Quarter - October 31, 2018**

(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 2018 \$000's	April 30 2018 \$000's
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents (note 4)	813	899
Prepaid and deposits	50	67
Available-for-sale securities (note 5)	341	502
<b>Total current assets</b>	<u>1,204</u>	<u>1,468</u>
<b>Non-current assets</b>		
Reclamation bonds	75	72
Property and equipment (note 6)	31	34
Mineral property interests (note 7)	233	184
<b>Total assets</b>	<u>1,543</u>	<u>1,758</u>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Trade and other payables	230	210
Deferred flow-through premium (note 8)	11	-
	<u>241</u>	<u>210</u>
<b>Equity</b>		
Common shares (note 8)	75,590	75,219
Equity reserve (note 8)	12,000	11,823
Investment revaluation reserve	(1,784)	172
Accumulated deficit	(84,504)	(85,666)
	<u>1,302</u>	<u>1,548</u>
	<u>1,543</u>	<u>1,758</u>

**Going Concern** (note 2)

**Commitments** (note 11)

**Subsequent Events** (note 13)

**Approved by the Board of Directors**

“Peter Dasler”

Director

“Jean Luc Roy”

Director

# CanAlaska Uranium Ltd.

## Condensed Interim Consolidated Statements of Comprehensive Loss

(Unaudited)

(Expressed in Canadian dollars except where indicated)

	Three months ended October 31 2018 (\$000's)	Three months ended October 31 2017 (\$000's)	Six months ended October 31 2018 (\$000's)	Six months ended October 31 2017 (\$000's)
<b>EXPLORATION COSTS</b>				
Mineral property expenditures net of reimbursements	112	47	172	15
Mineral property write-offs (note 7)	-	-	3	2
	<u>112</u>	<u>47</u>	<u>175</u>	<u>17</u>
<b>OTHER EXPENSES (INCOME)</b>				
Consulting, labour and professional fees	140	102	253	247
Depreciation and amortization (note 6)	2	3	3	5
Foreign exchange loss (gain)	(1)	-	(1)	-
Insurance, licenses and filing fees	26	27	57	53
Interest income	(3)	(1)	(5)	(3)
Other corporate costs	10	19	20	25
Investor relations and presentations	24	51	64	66
Rent (note 11)	3	5	7	10
Share-based payments (note 9)	-	-	85	-
Travel and accommodation	11	14	24	23
(Gain) on sale of available-for-sale securities (note 5)	(9)	-	(19)	-
Impairment of available-for-sale securities (note 5)	-	15	-	42
Flow-through premium (note 8)	(7)	-	(10)	-
	<u>196</u>	<u>235</u>	<u>478</u>	<u>468</u>
<b>Net loss for the period</b>	(308)	(282)	(653)	(485)
<b>Other comprehensive loss</b>				
Unrealized loss (gain) on available-for-sale securities	182	(95)	141	(91)
<b>Total comprehensive loss for the period</b>	<u>(490)</u>	<u>(187)</u>	<u>(794)</u>	<u>(394)</u>
<b>Basic and diluted loss per share (\$ per share)</b>	(0.01)	(0.01)	(0.02)	(0.02)
<b>Basic and diluted weighted average common shares outstanding (000's)</b>	31,056	27,389	30,680	27,366

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, 2018 and 2017

**(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				
<b>Balance-May 1, 2017</b>	<b>27,344</b>	<b>74,506</b>	<b>11,699</b>	<b>202</b>	<b>(84,521)</b>	<b>1,886</b>
Issued on the exercise of stock options	45	17	(5)	-	-	12
Unrealized loss on available-for-sale securities	-	-	-	91	-	91
Loss for the period	-	-	-	-	(485)	(485)
<b>Balance-October 31, 2017</b>	<b>27,389</b>	<b>74,523</b>	<b>11,694</b>	<b>293</b>	<b>(85,006)</b>	<b>1,504</b>
<b>Balance - April 30, 2018</b>	<b>29,672</b>	<b>75,219</b>	<b>11,823</b>	<b>172</b>	<b>(85,666)</b>	<b>1,548</b>
Impact of adopting IFRS 9 (note 3)	-	-	-	(1,815)	1,815	-
<b>Balance-May 1, 2018 (restated)</b>	<b>29,672</b>	<b>75,219</b>	<b>11,823</b>	<b>(1,643)</b>	<b>(83,851)</b>	<b>1,548</b>
Issued on private placement for cash	1,384	514	-	-	-	514
Warrants issued on private placement	-	(89)	89	-	-	-
Flow-through premium (note 8)	-	(21)	-	-	-	(21)
Share issuance costs	-	(33)	3	-	-	(30)
Share-based payments	-	-	85	-	-	85
Unrealized gain on available-for-sale securities	-	-	-	(141)	-	(141)
Loss for the period	-	-	-	-	(653)	(653)
<b>Balance-October 31, 2017</b>	<b>31,056</b>	<b>75,590</b>	<b>12,000</b>	<b>(1,784)</b>	<b>(84,504)</b>	<b>1,302</b>

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 2018 \$000's</b>	<b>Six months ended October 31 2017 \$000's</b>
<b>Cash flows used in operating activities</b>		
Loss income for the period	(653)	(485)
Items not affecting cash		
Gain on sale of available-for-sale-securities	(19)	(15)
Depreciation and amortization (note 6)	3	5
Mineral property write-offs	3	2
Impairment of available-for-sale securities (note 5)	-	57
Flow-through premium (note 8)	(10)	-
Share-based payments (note 9)	85	-
	<u>(591)</u>	<u>(436)</u>
Change in non-cash operating working capital		
Decrease in trade and other receivables	17	26
Increase (decrease) in trade and other payables	21	(66)
	<u>(553)</u>	<u>(476)</u>
<b>Cash flows from financing activities</b>		
Issuance of common shares (net of share issuance costs)	483	-
Proceeds from exercise of stock options	-	11
	<u>483</u>	<u>11</u>
<b>Cash flows (used in) from investing activities</b>		
Additions to mineral property interests	(52)	(99)
Proceeds from sale of available-for-sale-securities	39	20
Reclamation bond	(3)	-
	<u>(16)</u>	<u>(79)</u>
<b>(Decrease) increase in cash and cash equivalents</b>	(86)	(544)
<b>Cash and cash equivalents - beginning of period</b> (note 4)	<u>899</u>	<u>1,197</u>
<b>Cash and cash equivalents - end of period</b> (note 4)	<u>813</u>	<u>653</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, 2018**

**(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, nickel and diamond properties. The Company may bring the properties to production, structure joint ventures with others, option or lease properties to third parties or sell the properties outright. The Company has not determined whether these properties contain ore reserves that are economically recoverable and the Company and its mineral interests are considered to be in the exploration stage. From time to time, the Company evaluates new properties and directs exploration on these properties based on the Board of Director’s evaluation of financial and market considerations at the time. The Company’s shares trade on the TSX Venture Exchange under the symbol “CVV”. The Company’s shares are also quoted on the OTCQB in the United States under the symbol “CVVUF” and the Frankfurt Stock Exchange under the symbol “DH7N”. 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 consolidated financial statements do not include any adjustments to the carrying values of assets and liabilities and the reported expenses and statement of financial position classification that would be necessary should the Company be unable to continue as a going concern. These adjustments could be material.

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

The Company does not generate recurring revenues from operations and other factors as noted may cast significant doubt regarding the Company’s ability to continue as a going concern. Management believes that the cash on hand is sufficient to meet corporate, administrative and selected exploration activities for at least the next twelve months. At October 31, 2018, the Company had cash and cash equivalents of \$0.8 million (April 30, 2018: \$0.9 million) (note 4) and working capital of \$1.0 million (April 30, 2018: \$1.3 million) and has a deficit of \$84.5 million at October 31, 2018. 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.

# **CanAlaska Uranium Ltd.**

Notes to the Condensed Interim Consolidated Financial Statements

**For the six month period ended October 31, 2018**

**(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, 2018 consolidated annual financial statements except for the following: the Company has adopted IFRS 9 Financial Instruments (“IFRS 9”) which is effective for annual periods beginning on or after January 1, 2018. The adoption of IFRS 9 began on May 1, 2018 using the retrospective method. The adoption of IFRS 9 resulted in an increase to the opening accumulated deficit on May 1, 2018 of \$1,814,515 with a corresponding adjustment to investment revaluation reserve.

These condensed interim consolidated financial statements were authorized for issuance by the Board of Directors of the Company on December 11, 2018.

### **b) Basis consolidation and preparation**

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

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

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

# CanAlaska Uranium Ltd.

Notes to the Condensed Interim Consolidated Financial Statements

For the six month period ended October 31, 2018

(Unaudited)

(Expressed in Canadian dollars except where indicated)

## 4 Cash and Cash Equivalents

	October 31, 2018	April 30, 2018
	\$000's	\$000's
Cash	113	149
Cash equivalents	700	750
<b>Total</b>	<b>813</b>	<b>899</b>

## 5 Available-for-Sale Securities

	October 31, 2018		April 30, 2018	
	Carrying value	Market Value	Carrying value	Market Value
	\$000's	\$000's	\$000's	\$000's
Northern Uranium Corp.	700	120	60	180
Fjordland Exploration Inc.	228	72	103	118
Green Thumb Industries (formerly Bayswater Uranium Corp.)	16	33	36	45
Canterra Minerals Corp.	180	40	50	60
Other available-for-sale securities	1,001	76	81	99
<b>Total</b>	<b>2,125</b>	<b>341</b>	<b>330</b>	<b>502</b>

On May 1, 2018, the Company adopted IFRS 9 - Financial Instruments using the retrospective method. The adoption of IFRS 9 resulted in an increase to the opening accumulated deficit on May 1, 2018 of \$1,815,515 with a corresponding adjustment to investment revaluation reserve related to the Company's available-for-sale securities.

The Company holds available-for-sale securities as strategic investment and has less than 10% equity interest in each of the investees.

During the six months ended October 31, 2018, the Company sold 2,678 shares of Green Thumb Industries for \$38,967 (six months ended October 31, 2017: \$20,000) and recognized a gain on sale of available-for-sale securities of \$19,258 (six months ended October 31, 2017: \$14,600).

# CanAlaska Uranium Ltd.

Notes to the Condensed Interim Consolidated Financial Statements

**For the six month period ended October 31, 2018**

**(Unaudited)**

(Expressed in Canadian dollars except where indicated)

## 6 Property and Equipment

	Mining equipment \$000's	Office equipment \$000's	Total \$000's
<b>Cost</b>			
At May 1, 2017	441	452	893
At April 30, 2018	441	452	893
At October 31, 2018	441	452	893
<b>Accumulated Depreciation and Amortization</b>			
At May 1, 2017	(431)	(418)	(849)
Depreciation and amortization	(3)	(7)	(10)
At April 30, 2018	(434)	(425)	(859)
Depreciation and amortization	-	(3)	(3)
At October 31, 2018	(434)	(428)	(862)
<b>Carrying Value</b>			
At April 30, 2018	7	27	34
At October 31, 2018	7	24	31

# CanAlaska Uranium Ltd.

Notes to the Condensed Interim Consolidated Financial Statements

For the six month period ended October 31, 2018

(Unaudited)

(Expressed in Canadian dollars except where indicated)

## 7 Mineral Property Interests

The Company holds approximately 201,000 hectares of mining claims in the Athabasca Basin located across the provinces of Saskatchewan, Manitoba and Alberta in Canada. The holdings are comprised of 13 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, 2017 and October 31, 2018 are as follows:

Project (\$000's)	May 1, 2017	Additions/ write-offs/ recoveries	April 31, 2018	Additions/ write-offs/ recoveries	October 31, 2018
Athabasca Basin					
Cree East (a)	-	85	85	-	85
West McArthur (b)	-	-	-	-	-
Key Lake	-	-	-	-	-
NW Manitoba (c)	-	-	-	30	30
McTavish	-	-	-	-	-
Ruttan	-	-	-	-	-
Patterson	-	-	-	-	-
Manibridge	-	41	41	-	41
Other	27	(2)	25	-	25
Other					
West Athabasca Kimberlite (d)	20	2	22	12	34
Other Projects, Various (e)	18	(7)	11	7	18
<b>Total</b>	<b>65</b>	<b>119</b>	<b>184</b>	<b>49</b>	<b>233</b>

Summary of option payments receivable in the years ending April 30 <sup>2</sup>	Cash \$000's	Total Spend <sup>1</sup> \$000's	Shares
2019	-	3,000	-
2020	-	3,000	-
2021	-	3,000	-
Thereafter	-	3,500	-

<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.

# CanAlaska Uranium Ltd.

Notes to the Condensed Interim Consolidated Financial Statements  
**For the six month period ended October 31, 2018**  
**(Unaudited)**  
(Expressed in Canadian dollars except where indicated)

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## 7 Mineral Property Interests (continued)

### a) Cree East, Saskatchewan

Cree East consists of approximately 58,000 hectares of mineral claims in the Athabasca. On July 7, 2017, the Company completed a buyback agreement with the Korean Consortium for the 50% interest in the Limited Partnership earned by the Korean partners in consideration for certain indemnities which it will provide to the partners. In addition, all funds previously invested by the partners that were held in the partnership's bank account on the date of closing, was returned to the partners at closing. The property has a carrying value of approximately \$85,000.

### b) West McArthur, Saskatchewan - Cameco Corporation

West McArthur consists of approximately 36,000 hectares of mineral claims in the Athabasca. On January 13, 2016, the Company entered into a buy back agreement for the 50% interest in the West McArthur project held by Mitsubishi. The Company agreed to a staged cash payment of \$600,000 (\$600,000 paid) and a 1% royalty arrangement.

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

The total expenditures on the property for the six months ended October 31, 2018 was \$3,448 (six months ended October 31, 2017: \$1,500) and has a carrying value of \$nil. Total expenditures reported by Cameco Corporation during the option period to October 31 2018 was \$5.0 million.

On October 19, 2018, Cameco Corporation gave notice to acquire its 30% interest and form a Joint Venture on the West McArthur uranium project. The Company will now become operator of the joint venture.

### c) NW Manitoba, Manitoba - Northern Uranium Corp ("Northern")

In September 2013, the Company entered into an option agreement with Northern, previously MPVC Inc., for an interest in the NW Manitoba project. The project covered an area along the Saskatchewan/Manitoba border. Northern earned a 70% interest in the project by carrying out a \$6 million in exploration expenditures, make a cash payment of \$35,000 (received), issue 12 million common shares (received) and issue 6 million common share purchase warrants (received).

In June 2018, the Company and Northern staked 37 claim block totalling 9,472 hectares. The Company's portion of the staking cost amounted to \$29,518.

# **CanAlaska Uranium Ltd.**

Notes to the Condensed Interim Consolidated Financial Statements

**For the six month period ended October 31, 2018**

**(Unaudited)**

(Expressed in Canadian dollars except where indicated)

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

### **d) West Athabasca Kimberlite, Saskatchewan**

In June 2018, the Company acquired 28 claim blocks totalling 13,535 hectares in the Western Athabasca Basin northeast of the Carswell structure and close to a large crustal structure, the Grease River Shear Zone for \$9,769.

In July 2018, the Company recognized an impairment on its West Athabasca Kimberlite claims of approximately \$2,000 as it did not renew certain of its permits on these claims.

In October 2018, the Company acquired 12 additional claim blocks totaling 5,893 hectares for \$4,347.

### **e) Other Projects, Various**

#### **Thompson Nickel Belt, Manitoba**

In October 2018, the Company acquired 8 claim blocks totalling 13,172 hectares located in the Thompson, Manitoba region for \$7,903.

# CanAlaska Uranium Ltd.

Notes to the Condensed Interim Consolidated Financial Statements

**For the six month period ended October 31, 2018**

**(Unaudited)**

(Expressed in Canadian dollars except where indicated)

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## 8 Share Capital

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

### Share Issuances

a) On June 20, 2018, the Company completed a non-brokered private placement and issued 853,276 flow-through units at a price of \$0.39 and 531,588 units at a price of \$0.34 per unit for gross proceeds of \$513,518. Each flow-through unit and ordinary unit consists of one common share and a half share purchase warrant. Each whole share purchase warrant entitles the holder to purchase one additional common share for a period of two years from the closing date, at a price of \$0.51 per share, provided that after the four month hold period expires, if the closing price of the Company's listed shares on the TSX Venture Exchange exceeds \$0.90 per share for 10 consecutive trading days then thereafter the exercise period of the share purchase warrant will be reduced to a period of 10 calendar days following the date express written notice of such acceleration is provided by the Company to the warrant holder. The Company paid cash finder's fee of \$20,292, legal fees of \$10,060 and issued 52,955 finder's warrants in connection with this placement. The finder's warrants issued as part of this placement have been recorded at a fair value of \$2,359 determined using the Black-Scholes option pricing model and have the same terms as the warrants attached to the units.

As the Company has incurred \$161,752 of exploration expenditures related to the flow-through financing completed in the six months ended October 31, 2018, it has recognized \$10,369 of the initial \$21,332 flow-through premium in income with \$10,963 of the flow-through premium still to be recognized as related exploration expenditures are incurred.

b) On February 20, 2018, the Company completed a non-brokered private placement and issued 1,722,823 units at a price of \$0.34 per unit for gross proceeds of \$585,760. Each unit consists of one common share and a half share purchase warrant. Each whole share purchase warrant entitles the holder to purchase one additional common share for a period of two years from the closing date, at a price of \$0.51 per share, provided that after the four month hold period expires, if the closing price of the Company's listed shares on the TSX Venture Exchange exceeds \$0.90 per share for 10 consecutive trading days then thereafter the exercise period of the share purchase warrant will be reduced to a period of 30 calendar days following the date express written notice of such acceleration is provided by the Company to the warrant holder. The Company paid cash finder's fee of \$26,418, legal fees of \$10,183 and issued 77,700 finder's warrants in connection with this placement. The finder's warrants issued as part of this placement have been recorded at a fair value of \$5,791 determined using the Black-Scholes option pricing model and have the same terms as the warrants attached to the units.

# CanAlaska Uranium Ltd.

Notes to the Condensed Interim Consolidated Financial Statements

For the six month period ended October 31, 2018

(Unaudited)

(Expressed in Canadian dollars except where indicated)

## 9 Share Stock Options and Warrants

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

	Number of options 000's	Weighted average exercise price \$
Outstanding - May 1, 2017	2,710	0.38
Granted	660	0.40
Expired	(255)	0.25
Exercised	(605)	0.23
<b>Outstanding – April 30, 2018</b>	<b>2,510</b>	<b>0.43</b>
Granted	445	0.34
Expired	(1,495)	0.41
<b>Outstanding – October 31, 2018</b>	<b>1,460</b>	<b>0.42</b>

As at October 31, 2018, the following stock options were outstanding:

	Number of options outstanding 000's	Number of options exercisable 000's	Exercise price	Expiry date (Fiscal Year)
	350	350	\$0.59	2019
	660	660	\$0.40	2020
	450	450	\$0.20 - \$0.34	2021
<b>Total</b>	<b>1,460</b>	<b>1,460</b>		

For the three months ended October 31, 2018, total share-based compensation expense was \$nil (October 31, 2017: \$nil). For the six months ended October 31, 2018, total share-based compensation expense was \$85,109 (October 31, 2017: \$nil).

### Warrants

	Number of warrants 000's	Weighted average exercise price \$
Outstanding - May 1, 2017	2,140	0.70
Granted	939	0.51
<b>Outstanding – April 30, 2018</b>	<b>3,079</b>	<b>0.64</b>
Granted	745	0.51
Expired	(140)	0.70
<b>Outstanding – October 31, 2018</b>	<b>3,684</b>	<b>0.61</b>

# CanAlaska Uranium Ltd.

## Notes to the Condensed Interim Consolidated Financial Statements For the six month period ended October 31, 2018

(Unaudited)

(Expressed in Canadian dollars except where indicated)

### 9 Share Stock Options and Warrants (continued)

At October 31, 2018, the following warrants were outstanding:

Number of warrants outstanding 000's	Exercise price \$	Expiry date
2,000	\$0.70	July 8, 2020 <sup>1</sup>
939	\$0.51	February 20, 2020 <sup>2</sup>
745	\$0.51	June 20, 2020 <sup>2</sup>
<b>Total</b>		
<b>3,684</b>		

<sup>1</sup> On June 29, 2018, the Company received TSX Venture Exchange approval to extend the expiry date of 2,000,000 outstanding share purchase warrants from July 8, 2018 to July 8, 2020. No value was attributed to the warrant extension. Also, the expiry date of warrants will be on July 8, 2020, provided that if the closing price of the Company's listed shares on the TSX Venture Exchange exceeds \$1.00/share for 10 consecutive trading days then thereafter the exercise period of the warrants will be reduced to a period of 10 calendar days following the date express written notice of such acceleration is provided by the Company.

<sup>2</sup> Expiry date of warrants will be on February 20, 2020 and June 20, 2020 respectively, provided that if the closing price of the Company's listed shares on the TSX Venture Exchange exceeds \$0.90/share for 10 consecutive trading days then thereafter the exercise period of the warrants will be reduced to a period of 30 calendar days following the date express written notice of such acceleration is provided by the Company.

Option and warrant pricing models require the input of highly subjective assumptions including the expected volatility. Changes in the assumptions can materially affect the fair value estimate, and therefore, the existing models do not necessarily provide a reliable measure of the fair value of the Company's stock options and warrants. The Company's expected volatility is based on the historical volatility of the Company's share price on the Toronto Stock Exchange or the TSX Venture Exchange. The following assumptions were used in the Black-Scholes option pricing model to calculate the compensation expense for the six months ended October 31, 2018 and 2017:

Options	Six months ended October 31	
	2018	2017
Weighted average fair value	\$0.19	-
Forfeiture rate	0%	-
Risk-free interest rate	1.93%	-
Expected life	2.0 years	-
Expected volatility	99.7%	-
Expected dividend	0%	-

# CanAlaska Uranium Ltd.

## Notes to the Condensed Interim Consolidated Financial Statements For the six month period ended October 31, 2018

(Unaudited)

(Expressed in Canadian dollars except where indicated)

### 9 Share Stock Options and Warrants (continued)

Warrants	Six months ended October 31	
	2018	2017
Weighted average fair value	\$0.16	-
Forfeiture rate	0%	-
Risk-free interest rate	1.84%	-
Expected life	2.0 years	-
Expected volatility	98.4%	-
Expected dividend	0%	-

### 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, 2018 and 2017 were as follows.

(\$000's)	Three months ended October 31		Six months ended October 31	
	2018	2017	2018	2017
Employment benefits	83	79	160	157
Consulting fees	44	34	76	71
Directors fees	8	-	8	-
Share-based compensation	-	-	67	-

Included in trade and other payables is amounts owing to Peter Dasler, Chief Executive Officer of \$87,771 (2018 - \$nil) and to Harry Chan, Chief Financial Officer of \$38,850 (2018 - \$nil).

The directors and key management were awarded the following share options under the employee share option plan during the six months ended October 31, 2018:

Date of grant	Number of options	Exercise price	Expiry
May 2, 2018	350,000	\$0.34	May 2, 2020

# CanAlaska Uranium Ltd.

Notes to the Condensed Interim Consolidated Financial Statements

For the six month period ended October 31, 2018

(Unaudited)

(Expressed in Canadian dollars except where indicated)

## 11 Commitments

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

<b>Fiscal Year Ending</b>	<b>Total \$000's</b>
2019	11
2020	4
<b>Total</b>	<b>15</b>

## 12 Management of Capital

The Company considers its capital to consist of common shares, stock options and warrants. The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the exploration of its mineral properties and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares and, acquire or dispose of assets.

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

## 13 Subsequent Events

On November 20, 2018, the Company completed a non-brokered private placement and issued 1,795,375 units at a price of \$0.32 per unit for gross proceeds of \$574,520. Each unit consists of one common share and a half share purchase warrant. Each whole share purchase warrant entitles the holder to purchase one additional common share for a period of three years from the closing date, at a price of \$0.51 per share, provided that after the four month hold period expires, if the closing price of the Company's listed shares on the TSX Venture Exchange exceeds \$0.90 per share for 10 consecutive trading days then thereafter the exercise period of the share purchase warrant will be reduced to a period of 10 calendar days following the date express written notice of such acceleration is provided by the Company to the warrant holder. The Company paid cash finder's fee of \$4,800 and issued 15,000 finder's warrants in connection with this placement. The finder's warrants issued as part of this placement have been recorded at a fair value of \$572 determined using the Black-Scholes option pricing model and have the same terms as the warrants attached to the units.