# CanAlaska Uranium Ltd.

**CVV - TSX.V CVVUF - OTCBB DH7 – Frankfurt**

# Management Discussion and Analysis for the Fourth Quarter and Year Ended April 30, 2009

**Dated August 27, 2009**

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. In addition, reference should be made to the risk factors section of the most recently filed Form 20-F on EDGAR or the Company's audited consolidated financial statements for the year ended April 30, 2009. The following information is prepared in accordance with Canadian GAAP and denominated in Canadian dollars, unless otherwise noted. This MD&A should be read in conjunction with the Company's audited consolidated financial statements for the year ended April 30, 2009.

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*This MD&A contains forward-looking information. Refer to Section 7 "Forward-Looking Statements" and "Risks Factors" for a discussion of the risks, uncertainties and assumptions relating to such information.*

## 1. OVERVIEW OF THE COMPANY

QUICK OVERVIEW

- ✓ Exploration expenditures of $11.6 million for 2009 in the Athabasca Basin
- ✓ Funding provided from Korean Partners for the Cree East project ($8.5m funded of $19m) (section 2.2.1) and Mitsubishi for ($9.7m funded of $11m)(section 2.2.2)
- ✓ Over 23 projects covering 1,203,000 hectares focused on Uranium (section 1.1)
- ✓ Cash resources of $6.3m (as at April 30, 2009)
- ✓ MOU with East Resources Inc. on Poplar Project (section 2.1)
- ✓ Vancouver head office consolidation supported by Saskatoon Field Operations Office
- ✓ 143,660,414 common shares issued and outstanding (August 25, 2009)
- ✓ Over 15,000 metres drilled in fiscal 2009
  - Cree East (9,132 metres)
  - West McArthur (4,751 metres)

### 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 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 is exploring for high-grade uranium deposits in the Athabasca Basin area of Saskatchewan. As of August 25, 2009, the Company had 143,660,414 shares outstanding with a total market capitalization of $23.0 million. The Company's shares trade on the TSX Venture Exchange ("CVV"), are quoted on the OTCBB in the United States ("CVVUF") and the Frankfurt Stock Exchange ("DH7").

**Table 1: Canadian Land Position Summary**

| Property / Project Name | 2009 Notes | Hectares |
|---|---|---|
| Alberta | | 97,000 |
| Arnold | | 24,000 |
| Black Lake | Option with Black Lake Denesuline | 38,000 |
| Camsell | | 10,000 |
| Collins Bay Extension | Option with Bayswater Uranium | 37,000 |
| Carswell | | 13,000 |
| Cree East | Ventured with Korean Consortium | 56,000 |
| Cree West | Ventured with Westcan Uranium | 13,000 |
| Fond Du Lac | Option with Fond Du Lac Denesuline | 36,000 |
| Ford | | 10,000 |
| Grease River | Ventured with Uranium Prospects | 82,000 |
| Helmer | | 55,000 |
| Hodgson | | 30,000 |
| Kasmere | | 266,000 |
| Key | Ventured with Westcan Uranium | 6,000 |
| Lake Athabasca | | 49,000 |
| McTavish | Ventured with Kodiak Exploration | 16,000 |
| Misty | Ventured with Great Western Minerals | 53,000 |
| Moon | | 4,000 |
| NE Wollaston | MOU with East Resources Inc. | 154,000 |
| Poplar | MOU with East Resources Inc. | 112,000 |
| Waterbury | | 6,000 |
| West McArthur | Ventured with Mitsubishi Dev. Pty | 36,000 |
| **TOTAL** | **23 Projects** | **1,203,000** |

CanAlaska today controls an exploration property portfolio in the Athabasca Basin totaling over 4,000 sq. miles, rivaling the combined land holdings of established uranium producing giants Cameco Corporation and AREVA. The Company has strategic exploration investment relationships with Japan's Mitsubishi Development Pty Ltd. ("Mitsubishi") (through its West McArthur property), with a Korean Consortium comprising Hanwha Corp., KORES, KEPCO and SK Energy Co. Ltd. (with its Cree East Project), and has entered into a memorandum of understanding for exploration with Chinese-based East Resources Inc. ("ERI") (for its Poplar and North East Wollaston Projects). CanAlaska also has option arrangements with Westcan Uranium Corp. in respect of its Cree West and Key Lake projects, and Great Western Minerals Group Ltd. is earning into the Misty property. It also has entered into option agreements on Black Lake, Fond Du Lac and Collins Bay Extension.

CanAlaska's strong "end-user" financial backing and capable in-house exploration team assures the Company of both the funding and expertise necessary to deliver on its corporate mission of discovering one or more major uranium deposits. CanAlaska's commitment to the Athabasca Basin region has also seen it cementing ties with First Nations communities. The Company has obtained overwhelming approval from the communities of Black Lake and Fond Du Lac to undertake exploration on their reserve lands under the official sanction of Indian and Northern Affairs Canada ("INAC"). In doing so, the Company achieved the distinction of becoming the first company to undertake uranium exploration on First Nations' reserve territory in Saskatchewan in over twenty-five years. CanAlaska's strong record of operational safety and environmental compliance was recognized as a key contributing factor during the review process, and marks our Company as a leader in responsible and sound exploration.

Since late 2004, CanAlaska has expended over $55 million on exploration and research towards the advancement of uranium discovery on our twenty-three project areas. The increasingly attractive fundamentals of the nuclear power industry and the economic superiority of uranium over other energy fuels provide CanAlaska with the long-term financial incentive to succeed.

The Company also has a 72% interest in the Rise and Shine project and a 100% interest in the Reefton Project in New Zealand

### 1.2 Cash and Financing

As of April 30, 2009 the Company had cash and cash equivalents of $6.3 million (April 30, 2008: $7.4m). The Company's working capital position as at April 30, 2009 was $6.4 million (April 30, 2008: $7.8m).

The Company has entered into option agreements with a Korean Consortium and Mitsubishi and they are currently funding exploration on two of its properties located in Athabasca. As of April 30, 2009, the Korean Consortium and Mitsubishi have funded $7.6 million out of a total of $19 million and $9.7 million amount out of a total of $11 million respectively.

With the impact of the global credit crisis still being felt in the junior mining sector, CanAlaska views itself as fortunate to have strong strategic relationships with its partners. The long-term and strategic support from Mitsubishi and our Korean Consortium partners allows the Company to continue to advance two significant projects forward in these challenging economic times. CanAlaska has also been conscious to maintain a reasonable treasury and is continually evaluating all of its projects. The recent tie-up with ERI for the Poplar Project is further evidence that the Company continues to develop and nurture relationship with strategic partners regardless of the economic climate.

In August 2009, the Company closed two tranches of a non-brokered flow-through private placement for gross proceeds of $990,550 (section 3.3). The Company believes that with the completion of this private placement, its current treasury, and the support of its strategic partners that it can continue to maintain operations over the next twelve months and work towards its strategic goal of discovering of one or more high grade uranium deposits.

The Company however remains in nature an exploration enterprise and will, at some point, need to seek additional financings either through equity offerings or the formation of additional strategic partnerships.

## 2. MILESTONES AND PROJECT UPDATES

### 2.1 Overview – fiscal year 2009

- MOU with East Resources Inc. on Poplar Project (June 2009)
- Continuing funding commitment from our Korean Consortium ($4.9 million) and Mitsubishi ($2.0 million)
- Over 15,000 metres of drilling completed
- Eleven of fifteen holes at Cree East exhibiting good geology, hydrothermal mineralization and five times background geochemistry values
- Geophysics and drilling at West McArthur have identified a new alteration zone in the south of the project
- Drilling undertaken at both Black Lake and Fond Du Lac

In August 2009, the Company closed two tranches of a non-brokered flow-through private placement of 5,826,764 units of $0.17 per unit for gross proceeds of $990,550 (refer to section 3.3).

In August 2009, the Company welcomed Kodiak Exploration as an exploration partner for its McTavish project. Kodiak has been granted an option to acquire up to a 70% interest in the project. In order to earn an initial 50% interest in the project, Kodiak must complete $4,000,000 in exploration and issue 1,000,000 Kodiak shares to CanAlaska in accordance with the following schedule: 100,000 Kodiak Shares on or before the Effective Date; such payment to be made within 10 business days after the date of acceptance (the "Effective Date") by the TSX Venture Exchange of a filing to be made in respect of the proposed option; $600,000 Expenditures and 50,000 Kodiak Shares by the first anniversary of the Effective Date; a further $800,000 Expenditures and 50,000 Kodiak Shares on or prior to the second anniversary of the Effective Date; a further $1,200,000 Expenditures and 50,000 Kodiak Shares on or prior to the third anniversary of the Effective Date; a further $1,400,000 Expenditures and 50,000 Kodiak Shares on or prior to the fourth anniversary of the Effective Date; and a further 700,000 Kodiak Shares on or prior to the fifth anniversary of the Effective Date.

In July 2009, the Company commenced the summer drill program at the Fond Du Lac Project. Initial drilling in 2008 identified significant alteration and mineralization within and outside the known uranium deposit. Detailed geophysical surveys have highlighted the existing target as well as new nearby features. The current drilling is focused on potential basement hosted feeder systems.

In July 2009, the Company executed an option agreement with Bayswater Uranium Corporation ("Bayswater") to commence exploration of the Collins Bay Extension uranium project ("CBX"), which is directly adjacent to, and following the North-East strike of the past-producing uranium mines at Rabbit Lake and Collins Bay, and the current producing uranium mine at Eagle Point in the Province of Saskatchewan. This project has significant exploration potential from previous drill intercepts.

In June 2009, the Company announced Glass Earth Gold Ltd. as a new exploration partner for its Rise and Shine gold project in Otago, New Zealand (refer to section 2.2.14).

In June 2009, the Company received its drill assays and detailed geophysical information from the West McArthur Project winter drilling campaign. This drilling information confirms not only structural breaks and fault reactivation along the target area, but also hydrothermal alteration and trace uranium mineralization in two holes at, and below, the unconformity (refer to 2.2.2).

In May 2009, the Company announced the results from the drilling program at the Cree East project, where anomalous uranium and nickel metal indicators were received from samples in 11 of the 15 holes, and anomalous associated geochemistry in 13 of the 15 holes drilled. The most significant radioactivity response was from drill hole CRE017 in zone D in the centre of the 5km long target area (refer to section 2.2.1).

In February 2009, the Company announced Kent Exploration Inc. as a new exploration partner for its Reefton project in New Zealand.

In December 2008, the Company announced that it has entered into a Memorandum of Understanding ("MOU") with East Resources Inc. ("ERI") to undertake joint exploration for uranium on its 100%-owned North East Wollaston Project. Under the MOU, ERI may earn a 40% interest by undertaking a minimum of 100,000 metres of diamond drilling within 5 years. ERI may earn a 70% interest in by undertaking a minimum of 50,000 metres of diamond drilling and successfully completing a feasibility study for a minimum economic reserve of 15 million pounds $U_3O_8$ and fully-financing the costs of mine construction. ERI may earn an 80% interest by undertaking a minimum of 50,000 metres of diamond drilling, successfully completing a feasibility study for a minimum economic reserve of 35 million pounds $U_3O_8$ and fully-financing the costs of mine construction. ERI may also earn an additional 15% interest to hold a cumulative 95% ownership by granting to CanAlaska a 5% gross revenue royalty from the production and sale of minerals.

Due to continual delays in the award of exploration permits by the Government of Manitoba resulting from aboriginal consultations, ERI and CanAlaska agreed in June 2009 to initiate their co-operation in Saskatchewan on the Poplar project under similar earn-in terms. In August 2009, ERI with their team of six Chinese geologists, coupled with CanAlaska personnel to commenced geological mapping and prospecting on five target areas at Poplar.

In December 2008 the Company announced District Gold Inc. as its new exploration partner for the Rainbow Hill Project in Alaska.

In December 2008, the Company announced the appointment of Damian Towns as Chief Financial Officer, effective January 1, 2009, to help build the Company's financial oversight and to strengthen the Company's relationships with its strategic partners.

On December 11, 2008, the Company acquired Mineral Lease 209B in Manitoba from Santoy Resources Ltd. for 40,000 common shares, 500,000 warrants exercisable over one year at an exercise price of $0.50 and a 2% net smelter royalty. Mineral Lease 209B rests in the central portion of the geologically-significant Wollaston Belt, host to the major uranium mines inside the Athabasca Basin. CanAlaska's acquisition of this property now completes the Company's holdings of the entire Wollaston Belt within the province of Manitoba.

## 2.2 Project Updates

Throughout this MD&A certain comparative figures have been reclassified to conform to the current period's presentation.

**Overview**

The Company currently has over 23 projects and in fiscal 2009 spent $11.6 million on exploration costs in the Athabasca Basin. Of these expenditures, over 32% ($3.7 million) was spent on the Cree East project that was funded through the Company's strategic relationship with the Korean Consortium. A further 19% ($2.2 million) of the exploration dollars were spent by Mitsubishi on the West McArthur project. $1.7 million (or 15% of total expenditures) was spent on the Poplar project, of which $1.5 million was reimbursed by Mega Uranium prior to termination of an option agreement. An MOU with ERI has now replaced the Mega Uranium option agreement. The Company has spent $1.6 million and $0.8 million of its own funds in advancing both the Fond Du Lac and Black Lake projects respectively. The Company had also spent $1.0 million on its Grease River project, of which $0.3 million was reimbursed by Uranium Prospects prior to the termination of the option agreement.

The following table summarizes the Company's expenditures in the Athabasca Basin over the last eight quarters. The reimbursements figures in the table do not include the contributions from our Korean Partners on Cree East.

| **Table 2: ($000's)** | | | | **Quarterly** | | | | | **Year Ended** | |
|---|---|---|---|---|---|---|---|---|---|---|
| **Total Deferred Exploration** | **Q108** | **Q208** | **Q308** | **Q408** | **Q109** | **Q209** | **Q309** | **Q409** | **Apr-08** | **Apr-09** |
| Camp Cost & Operations | 1,529 | 2,232 | 482 | 1,805 | 415 | 488 | 338 | 663 | 6,048 | 1,904 |
| Drilling | 1,175 | 783 | 202 | 1,457 | 157 | 1,239 | 58 | 1,759 | 3,617 | 3,213 |
| General & Admin | 70 | 200 | 481 | 1,586 | 185 | 745 | 113 | 442 | 2,337 | 1,485 |
| GeoChemistry | 151 | 643 | 127 | 124 | 89 | 166 | 77 | 75 | 1,045 | 407 |
| Geology | 125 | 788 | 268 | 304 | 682 | 521 | 235 | 328 | 1,485 | 1,766 |
| GeoPhysics | 611 | 2,162 | 1,245 | 1,662 | 322 | 658 | 205 | 457 | 5,680 | 1,642 |
| Other | 262 | 709 | 168 | 355 | 145 | 146 | 568 | 342 | 1,494 | 1,201 |
| **Gross Expenditures** | **3,923** | **7,517** | **2,973** | **7,293** | **1,995** | **3,963** | **1,594** | **4,066** | **21,706** | **11,618** |
| Reimbursement | (1,736) | (2,855) | (1,775) | (1,461) | (1,474) | (1,233) | (468) | (710) | (7,827) | (3,885) |
| **Net Expenditures** | **2,187** | **4,662** | **1,198** | **5,832** | **521** | **2,730** | **1,126** | **3,356** | **13,879** | **7,733** |

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

The Cree East project is a high-priority property located in the south-eastern portion of the Athabasca Basin, 35 km west of the formerly producing Key Lake mine and 5 to 22 km north of the south rim of the Athabasca Basin. The project is comprised of 16 contiguous mineral claims totaling approximately 56,000 hectares. A Korean Consortium (Hanwha Corp., Korea Electric Power Corp., Korea Resources Corp. and SK Energy Co. Ltd.), in December 2007 agreed to spend $19 million on the properties to earn into a 50% interest in the Cree East project.

As at April 30, 2009, the Korean Consortium has contributed $7.6 million towards exploration of the project and holds a 30% ownership interest in both CanAlaska Korea Uranium Ltd. and the Canada-Korea Uranium Limited Partnership. A further $880,000 contribution was received on July 31st, 2009, to fund Summer 2009 exploration. The following table summarizes the Korean Consortium expenditures and advances by quarter, fiscal year, and life to date ("LTD") expenditure on the project. The table does not include a $0.6 million payment made directly to CanAlaska for intellectual property associated with the project.

Due to the nature of the agreement the Company accounts for the joint venture as a variable-interest entity ("VIE") and fully consolidates the joint venture and shows the Korean Consortium's contributions as a non-controlling interest in the consolidated balance sheet.

| Table 3: ($000's) | | | | Quarterly | | | | | Year Ended | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **Cree East Project** | **Q108** | **Q208** | **Q308** | **Q408** | **Q109** | **Q209** | **Q309** | **Q409** | **Apr-08** | **Apr-09** | **LTD** |
| Camp Cost & Operations | 38 | 309 | 40 | 236 | 28 | 126 | 88 | 268 | 623 | 510 | 1,431 |
| Drilling | - | - | 8 | 734 | 9 | 983 | 20 | 908 | 742 | 1,920 | 2,662 |
| General & Admin | 22 | - | 5 | 5 | 5 | 13 | 33 | 69 | 32 | 120 | 187 |
| GeoChemistry | - | 169 | 22 | 8 | 17 | 5 | 16 | 29 | 199 | 67 | 367 |
| Geology | 6 | 32 | 17 | 32 | 6 | 70 | 85 | 147 | 87 | 308 | 521 |
| GeoPhysics | 33 | 445 | 480 | 14 | 7 | 199 | - | 14 | 972 | 220 | 1,521 |
| Management Fees | - | - | 170 | 103 | 7 | 141 | 25 | 151 | 273 | 324 | 594 |
| Other | - | 128 | - | - | 1 | 17 | 97 | 122 | 128 | 237 | 653 |
| **Net Expenditures** | **99** | **1,083** | **742** | **1,132** | **80** | **1,554** | **364** | **1,708** | **3,056** | **3,706** | **7,936** |

Drill programs started on the project in late February 2008 (Q408) and large zones of alteration were intercepted. However, the Company experienced problems completing the majority of the drill holes because of extreme clay alteration and unconsolidated sands. Drilling re-commenced in mid-August 2008 (Q209) and up to October 31, 2008, 2,681 metres had been drilled with 275 samples being taken, in the most recent drill campaign.

The Q209 drill program demonstrated the presence of several zones of faulting and alteration in the sandstone and in the basement indicating hydrothermal activity typical of unconformity uranium deposits. The geophysics carried out in the summer (Q209) completed earlier surveys and processing of the combined data together with the drilling results identified targets for the Q409 (winter) drill program.

In May 2009, the Company announced the results from the Q409 drilling program, where anomalous uranium and nickel metal indicators were received from samples in 11 of the 15 holes, and anomalous associated geochemistry in 13 of the 15 holes drilled. The most significant radioactivity response was from hole CRE017 in zone D in the centre of the 5km long target area. Extensive zones of hematite and boron alteration were also intercepted in holes drilled in areas A and B. The series of strong geophysical targets in the centre of the Cree East project show moderate to intense hydrothermal alteration within the overlying sandstone units, and strong alteration with zones of intense hematite alteration in the basement rocks.

In summary, fifteen drill holes were completed on five target areas in the winter season. Thirteen of these drill holes have anomalous geochemistry in the last 10 to 60 metres of the sandstone unit overlying the basement. Eleven of the holes have uranium and nickel geochemistry exhibiting over five times background values (up to 24.5 ppm and 87.3 ppm) respectively. Subsequent to year end (Summer 2009), the Company embarked on a further $0.9 million program of geophysics investigation, comprising hi-resolution airborne magnetic, close-spaced airborne VTEM and ground TDEM surveys. The targeting data received from these surveys will be used to guide winter 2009/2010 drilling efforts.

In fiscal 2009, 52% of the costs were associated with drilling, as the Company completed its winter drill program of 6,512 metres. This is in addition to Q209, where 2,620 metres were completed. Under the Cree East agreement, the Company is entitled to charge an operator fee of 10% to recoup non-direct costs associated with the project which is recognized as management fees.

### 2.2.2 West McArthur Project, Saskatchewan – Optioned to Mitsubishi Development Pty Ltd.

The West McArthur project in the Athabasca Basin, Saskatchewan, has been optioned to Mitsubishi Development Pty Ltd., a subsidiary of Mitsubishi Corporation of Japan, whereby Mitsubishi can earn a 50% interest in the project by expending a minimum of $10 million over 3½ years and paying a further $1 million to the Company upon completion. As at April 30, 2009, Mitsubishi Development has contributed $9.7 million towards the exploration of the project. The West McArthur project is strategically located immediately west of the McArthur River uranium mine operated by Cameco Corp.

| Table 4: ($000's) | | | | Quarterly | | | | | Year Ended | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **West McArthur Project** | **Q108** | **Q208** | **Q308** | **Q408** | **Q109** | **Q209** | **Q309** | **Q409** | **Apr-08** | **Apr-09** | **LTD** |
| Camp Cost & Operations | 326 | 233 | 166 | 536 | 2 | 1 | 113 | 217 | 1,261 | 333 | 2,104 |
| Drilling | 572 | 11 | - | 9 | - | - | 22 | 675 | 592 | 697 | 4,689 |
| General & Admin | 5 | 21 | 196 | 135 | 11 | 355 | 49 | 140 | 357 | 555 | 1,694 |
| Geochemistry | 19 | 112 | 29 | 60 | 3 | 1 | - | 23 | 220 | 27 | 230 |
| Geology | 12 | 28 | 6 | 11 | 17 | 39 | 18 | 101 | 57 | 175 | 311 |
| Geophysics | 112 | 196 | 118 | 502 | 14 | 10 | 10 | 175 | 928 | 209 | 2,395 |
| Other | 48 | 26 | 16 | 140 | 8 | 12 | 78 | 129 | 230 | 227 | 780 |
| **Gross Expenditures** | **1,094** | **627** | **531** | **1,393** | **55** | **418** | **290** | **1,460** | **3,645** | **2,223** | **12,203** |
| Reimbursement | (1,127) | (846) | (764) | (1,057) | (62) | (310) | (244) | (1,399) | (3,794) | (2,015) | (9,743) |
| **Net Expenditures** | **(33)** | **(219)** | **(233)** | **336** | **(7)** | **108** | **46** | **61** | **(149)** | **208** | **2,460** |

Drill programs since 2006 have concentrated in the Northwest corner of the project where significant geophysical anomalies were discovered by airborne survey. In Q108, five holes were drilled to test new targets outlined by ongoing geophysical exploration, and previous drill successes. One of these holes (WMA 010) intersected a significant zone of alteration including silicification, brecciation and clay alteration and mineralization in the basement (0.29% $U_3O_8$ over 0.5 metres). In Q408, extensive detailed ground geophysical surveys were carried out over the current drill areas and in further areas of interest.

During Q409, an exploration program comprising a total of 4,751 metres of drilling, together with corresponding TDEM geophysical surveys, tested the previously un-drilled Grid 4 zone located in the southern region of the West McArthur Project. In this new area, VTEM magnetic and electromagnetic airborne surveys, ground-based AMT and EM surveys identified a new, well-defined, but variably-conductive zone, approximately 6 km in length associated with apparent alteration in the sandstone column. The Q409 drill program involved seven drill holes (WMA013 - WMA019) along 4 km of the Grid 4 trend, of which two drill holes were terminated near surface due to drilling problems. The five successful drill holes tested four discrete targets. The mineralized and altered rocks encountered in the drill holes show the potential for a uranium mineralizing system associated with graphitic pelite horizons. The 4km-long zone tested appears to have multiple targets for future detailed evaluation. The Grid 4 area is only one of multiple mineralized target zones identified on the property.

Drill hole WMA019, located 400 metres to the south of drill hole WMA016, exhibited the best uranium intersection. This hole contained a generally normal clay pattern in the upper levels, again with silicification from 780 to 830 metres, with elevated uranium (to 1 ppm) and boron (to 90 ppm) in the last 14 metres of the sandstone column above the unconformity. The basement of drill hole WMA019 is predominantly semi-pelites with abundant leucosome. A sheared leucosome section of 2 metres from 880.2 to 882.2 assayed 0.034% $U_3O_8$. A major graphite zone was intersected from 946 to 968 metres. For a complete understanding of the drill results reference should be made to the Company's news release dated June 4, 2009.

In fiscal 2009, drilling costs comprised 31% of the total exploration costs at West McArthur from the 4,751 metre drill program completed in the fourth quarter. Included within General and Administrative expenses are management fees charged to and reimbursed by Mitsubishi for CanAlaska acting as project operator.

### 2.2.3 Poplar Project, Saskatchewan –MOU with East Resources Inc.

The Poplar project was staked by the Company in 2006 to cover all of the northern edge of the Athabasca Basin located between the Helmer and Lake Athabasca projects in the Province of Saskatchewan and comprises 28 claim blocks totaling approximately 112,000 hectares.

In 2007, the Company entered into agreements with Mega Uranium Ltd. ("Mega") to evaluate the area, and on October 1, 2007, Mega selected the Poplar area for option whereby Mega may acquire a 50% ownership interest in the Poplar project by issuing 100,000 shares (50,000 shares received) and funding of $6.0 million in exploration expenditures over a three year period. The Company acted as the operator for the project until the option was terminated in December 2008.

In June, 2009, the Company announced that it has executed a MOU with East Resources Inc. ("ERI") on the Poplar project. ERI had executed a similar agreement with the Company to undertake uranium exploration at the Company's NE Wollaston project in the Province of Manitoba. However, due to continual delays incurred in the receipt of exploration permits from the Government of Manitoba owing to aborgininal consultations, both CanAlaska and ERI have opted to initiate their cooperation by first conducting uranium exploration in Saskatchewan.

| **Table 5: ($000's)** | | | | **Quarterly** | | | | | **Year Ended** | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **Poplar Project** | **Q108** | **Q208** | **Q308** | **Q408** | **Q109** | **Q209** | **Q309** | **Q409** | **Apr-08** | **Apr-09** | **LTD** |
| Camp Cost & Operations | - | 66 | - | 1 | 213 | 179 | 28 | 5 | 67 | 425 | 640 |
| Drilling | - | - | - | - | - | - | - | - | - | - | - |
| General & Admin | - | - | 63 | 59 | 63 | 67 | (12) | (3) | 122 | 115 | 293 |
| Geochemistry | - | - | - | - | 31 | 80 | 15 | 1 | - | 127 | 127 |
| Geology | - | - | - | 15 | 63 | 145 | 41 | 29 | 15 | 278 | 293 |
| Geophysics | - | 453 | 123 | 414 | 304 | 280 | 61 | 25 | 990 | 670 | 1,660 |
| Other | - | 2 | 3 | 51 | 2 | 3 | 112 | 12 | 56 | 129 | 186 |
| **Gross Expenditures** | **-** | **521** | **189** | **540** | **676** | **754** | **245** | **69** | **1,250** | **1,744** | **3,199** |
| Reimbursement | - | (840) | (737) | 134 | (623) | (719) | (95) | (60) | (1,443) | (1,497) | (2,940) |
| **Net Expenditures** | **-** | **(319)** | **(548)** | **674** | **53** | **35** | **150** | **9** | **(193)** | **247** | **259** |

During fiscal 2009, the Company conducted 1,130 kilometres of prospecting and seismic geophysics over approximately 1,600 kilometres. This work program has outlined uranium mineralization in basement rocks located north of the edge of Lake Athabasca, and indicated continuity of mineralized units and structural breaks associated with mineralizing systems further to the south into areas covered by the lake. The airborne surveys and extensive geophysical seismic surveying in lake covered area have also shown a large number of anomalous conductive zones and structural breaks, which elsewhere are generally thought to be associated with mineralizing events. Detailed analysis of the data is underway.

Under the terms of the MOU, ERI may earn a 40% interest in the Poplar project by undertaking a minimum of 100,000 metres of diamond drilling within 5 years. ERI may earn a 70% interest by undertaking a minimum of 50,000 metres of diamond drilling, successfully completing a feasibility study for a minimum economic reserve of 15 million pounds $U_3O_8$ and fully-financing the costs of mine construction. ERI may earn an 80% interest by undertaking a minimum of 50,000 metres of diamond drilling, successfully completing a feasibility study for a minimum economic reserve of 35 million pounds $U_3O_8$ and fully-financing the costs of mine construction. ERI may also earn an additional 15% interest to hold a cumulative 95% ownership by granting to CanAlaska a 5% gross revenue royalty from the production and sale of minerals.

### 2.2.4 Fond Du Lac Project, Saskatchewan – Optioned from the Fond Du Lac Denesuline First Nation

On October 18, 2006, CanAlaska optioned the Fond Du Lac project from the Fond Du Lac Denesuline First Nation. The project spans approximately 36,000 hectares and contains a uranium deposit with a historical (non 43-101 compliant) resource. CanAlaska is required to spend $2 million in exploration to earn a 49% interest in the project. In addition, the Company is also scheduled to pay the Fond Du Lac Denesuline First Nation as consideration $130,000 ($50,000 paid; June 2010: $40,000; June 2011:$40,000) and 300,000 shares (200,000 shares issued; June 2010: 50,000; June 2011: 50,000).

| Table 6: ($000's) | | | | Quarterly | | | | | Year Ended | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **Fond Du Lac Project** | **Q108** | **Q208** | **Q308** | **Q408** | **Q109** | **Q209** | **Q309** | **Q409** | **Apr-08** | **Apr-09** | **LTD** |
| Camp Cost & Operations | - | - | 2 | - | 76 | 150 | 93 | 28 | 2 | 347 | 349 |
| Drilling | - | - | - | - | 122 | 242 | 16 | 5 | - | 385 | 385 |
| General & Admin | 4 | 1 | 20 | - | 6 | 18 | 7 | 6 | 25 | 37 | 103 |
| Geochemistry | - | - | - | - | 1 | 36 | 31 | 13 | - | 81 | 81 |
| Geology | 1 | 2 | 1 | - | 30 | 105 | 11 | 10 | 4 | 156 | 181 |
| Geophysics | - | - | - | 6 | 1 | 98 | 146 | 92 | 6 | 337 | 452 |
| Option Payments | - | - | - | - | - | 29 | - | - | - | 29 | 117 |
| Other | - | - | 2 | 1 | 18 | 46 | 99 | 18 | 3 | 181 | 189 |
| **Net Expenditures** | **5** | **3** | **25** | **7** | **254** | **724** | **403** | **172** | **40** | **1,553** | **1,857** |

The Company received its exploration permit from Indian and Northern Affairs Canada on June 24, 2008, and immediately prepared a select program of drill testing in and around areas of historical drill exploration. In July and August 2008, the Company carried out preliminary drill programs (1,300 metres) in the vicinity of the zone of known uranium mineralization. In mid-September 2008 (Q209) the company released the first drill results from the program, confirming good uranium mineralization and significant response from ongoing geophysical surveys over the target area.

In Q209 and Q309, the Company undertook over 2,500 kilometres of airborne geophysics and 63 kilometres of prospecting. The results from the geophysics and drill program indicate the potential for further zones of uranium mineralization within the vicinity of the known mineral deposit. Additionally, the drill program intercepted fault structures and hematite alteration zones in the basement rocks underlying the target area, indicating the potential for basement hosted uranium mineralization.

In fiscal 2009, drilling comprised 25% and geophysics comprised 22% of the exploration expenditures at Fond Du Lac. The increase in camp costs and operations for Q209 is consistent with the drill program that was being conducted at that time as is the increase in geology costs associated with core logging. The second half of the year was focused on geophysics where 176 gravity stations were undertaken.

### 2.2.5 Black Lake Project, Saskatchewan – Optioned from Black Lake Densuline First Nation

In December 2006, the Company acquired from the Black Lake Denesuline First Nation an option to earn a 49% interest in the Black Lake project. To earn its interest the Company must pay $130,000 ($50,000 paid; July 2010: $40,000; July 2011: $40,000), issue 300,000 shares (200,000 issued; July 2010: 50,000; July 2011: 50,000) and incur exploration expenditures of $2 million ($1.0m incurred; July 2010: $0.7m; July 2011: $1.2m; July 2012: $2.0m).

| Table 7: ($000's) | | | | Quarterly | | | | | Year Ended | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **Black Lake Project** | **Q108** | **Q208** | **Q308** | **Q408** | **Q109** | **Q209** | **Q309** | **Q409** | **Apr-08** | **Apr-09** | **LTD** |
| Camp Cost & Operations | 3 | - | 1 | - | 2 | 16 | 16 | 121 | 4 | 155 | 159 |
| Drilling | - | - | - | - | - | - | - | 172 | - | 172 | 172 |
| General & Admin | - | 1 | 20 | - | 1 | 4 | 3 | 19 | 21 | 27 | 89 |
| Geochemistry | - | 3 | - | - | - | 23 | 7 | 8 | 3 | 38 | 41 |
| Geology | 6 | 22 | 10 | 3 | 27 | 78 | 17 | 26 | 41 | 148 | 194 |
| Geophysics | - | 66 | - | - | - | - | - | 141 | 66 | 141 | 283 |
| Option Payments | - | - | - | - | - | 29 | - | - | - | 29 | 123 |
| Other | 3 | - | 2 | 2 | 3 | - | 64 | 56 | 7 | 123 | 131 |
| **Net Expenditures** | **12** | **92** | **33** | **5** | **33** | **150** | **107** | **543** | **142** | **833** | **1,192** |

During fiscal 2009, drilling, geology and geophysics comprised 21%, 18% and 17% respectively of total exploration costs. The drill program comprised 649 metres during the fourth quarter. In August 2009, the results of Q409 drill campaign at Black Lake were announced with elevated uranium values of 12ppm being intersected in the north and the eastern-most drill hole in the south intersecting 140ppm of uranium. For full results of the winter-spring drill program reference should be made to the Company's News Release of August 5, 2009.

During the first six months, the Company undertook approximately 640 kilometres of prospecting. In the fourth quarter 32 kilometres of IP-Resistivity was completed. The option payment costs of $29,000 in Q209 comprised the fair value of shares of $19,000 and cash payments of $10,000 which are consistent with the option agreement on the property.

### 2.2.6 Grease River Project, Saskatchewan

The Grease River project covers approximately 82,000 hectares in three separate claim blocks that extend from Bulyea River, north of Fond Du Lac, to Marytnuik Lake, north of Stony Rapids, and covers four geological domains.

On April 10, 2007, the Company granted an option to Yellowcake plc, and subsequently consented to the introduction of Uranium Prospects plc to earn a 60% interest in the project. Uranium Prospects plc could have exercised its option to earn a 60% interest in the project by making payments, issuing shares and making exploration expenditures of $5 million. This option was terminated in June 2009.

| **Table 8: ($000's)** | | | | **Quarterly** | | | | | **Year Ended** | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **Grease River Project** | **Q108** | **Q208** | **Q308** | **Q408** | **Q109** | **Q209** | **Q309** | **Q409** | **Apr-08** | **Apr-09** | **LTD** |
| Camp Cost & Operations | 103 | 214 | 4 | 91 | 54 | 11 | - | 23 | 412 | 88 | 565 |
| Drilling | - | - | - | - | 33 | 13 | - | - | - | 46 | 46 |
| General & Admin | 9 | 29 | 1 | 173 | 88 | 17 | 9 | 11 | 212 | 125 | 339 |
| Geochemistry | 31 | 54 | 5 | (1) | 6 | 12 | 4 | - | 89 | 22 | 111 |
| Geology | 45 | 337 | 124 | 20 | 444 | 63 | 49 | 11 | 526 | 567 | 1,105 |
| Geophysics | 192 | 4 | - | 48 | - | - | - | - | 244 | - | 244 |
| Other | 63 | - | - | 1 | 60 | 1 | 67 | 2 | 64 | 130 | 302 |
| **Gross Expenditures** | **443** | **638** | **134** | **332** | **685** | **117** | **129** | **47** | **1,547** | **978** | **2,712** |
| Reimbursement | (250) | (1,035) | (3) | (185) | (781) | (114) | (131) | 755 | (1,473) | (271) | (1,909) |
| **Net Expenditures** | **193** | **(397)** | **131** | **147** | **(96)** | **3** | **(2)** | **802** | **74** | **707** | **803** |

Geology costs comprise 58% of the exploration spend for the year with the bulk of that expenditure incurring in Q109. In Q109, the Company undertook 1,056 kilometres of prospecting (total fiscal year was 1,162 km). The Company had been accruing for the reimbursement of costs from Uranium Prospects but reversed this reimbursement in the fourth quarter as no cash had been received and the option was subsequently terminated in June 2009.

### 2.2.7 Cree West Project, Saskatchewan – Optioned to Westcan Uranium

The Cree West Project comprises a 100% interest in 4 mineral claims (approximately 13,000 hectares) located 70 km northwest of the Key Lake mine and between 25 and 57 km north of the south rim of the Athabasca Basin. On April 24, 2006, the Company granted to Westcan Uranium Ltd ("Westcan") (formerly International Airmex Resources Inc.) an option to earn up to a 75% interest in the Cree West project. Westcan can earn a 50% interest in the property by making cash payments of $150,000 (received), issuing 600,000 shares (received) and making $3.6 million of exploration expenditures. Westcan may elect to acquire an additional 10% interest by expending an additional $4 million on exploration within 2 years of vesting its 50% interest. Westcan may elect to acquire a further 15% ownership, for a total of 75%, by completing a feasibility study within 2 years, issuing to the Company 400,000 additional common shares, and expending a minimum of $1 million on the project.

The Company will act as the operator of the project until Westcan has a vested 60% interest. Upon commercial production, the Company will receive a 3% net smelter royalty. As at April 30, 2009, Westcan had contributed $0.8 million towards exploration expenditures. Subsequent to year end, the Company granted an extension to Westcan in respect of its exploration commitments under the agreement.

| Table 9: ($000's) | | | | Quarterly | | | | | Year Ended | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **Cree West Project** | **Q108** | **Q208** | **Q308** | **Q408** | **Q109** | **Q209** | **Q309** | **Q409** | **Apr-08** | **Apr-09** | **LTD** |
| Camp Cost & Operations | - | 37 | 28 | 19 | - | - | - | - | 84 | - | 158 |
| Drilling | - | - | - | - | - | - | - | - | - | - | - |
| General & Admin | - | - | 2 | 127 | - | 50 | (3) | - | 129 | 47 | 287 |
| Geochemistry | 17 | 52 | 18 | (11) | - | - | - | - | 76 | - | 102 |
| Geology | 6 | 39 | 3 | 61 | 3 | 1 | - | - | 109 | 4 | 117 |
| Geophysics | - | - | - | 1 | - | - | - | - | 1 | - | 290 |
| Other | - | - | - | (3) | - | - | 1 | - | (3) | 1 | 156 |
| **Gross Expenditures** | **23** | **128** | **51** | **194** | **3** | **51** | **(2)** | **-** | **396** | **52** | **1,110** |
| Reimbursement | (207) | (134) | (19) | (35) | (3) | (51) | 4 | (2) | (395) | (52) | (1,110) |
| **Net Expenditures** | **(184)** | **(6)** | **32** | **159** | **-** | **-** | **2** | **(2)** | **1** | **-** | **-** |

An airborne magnetic and electromagnetic survey was carried out in 2006, and ground AMT surveys were carried out in early winter 2007 and 2008. Drill testing has been recommended to determine the cause of the anomalous geophysical targets. Due to uncertain nature of the continuing involvement of Westcan in the project, only minimal expenditures were incurred through fiscal 2009.

### 2.2.8 Key Lake Project, Saskatchewan – Optioned to Westcan Uranium

The Key Lake project comprises four mineral claims in three separate blocks totaling approximately 6,000 hectares located within 15 km of the formerly producing Key Lake uranium mine. On March 2, 2006, the Company optioned to Westcan up to 75% interest in the Key Lake project. Westcan may, at its option, earn a 50% interest in the property by making cash payments of $150,000 (received), issuing 300,000 shares (received) and making exploration expenditures of $2 million. Westcan may elect to acquire an additional 10% interest by expending an additional $2 million on exploration, and may elect to acquire a further 15% ownership, for a total of 75%, by completing a feasibility study within 2 years, issuing to the Company 200,000 additional common shares, and expending a minimum of $500,000 per year on the Project. The Company will act as the operator of the project until Westcan has a vested 60 % interest. Upon commercial production, the Company will receive a 3% net smelter royalty. As of April 30, 2009, Westcan had contributed $0.9 million towards exploration expenditures. Subsequent to year end, the Company granted an extension to Westcan in respect of its exploration commitments under the agreement.

| Table 10: ($000's) | | | | Quarterly | | | | | Year Ended | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **Key Lake Project** | **Q108** | **Q208** | **Q308** | **Q408** | **Q109** | **Q209** | **Q309** | **Q409** | **Apr-08** | **Apr-09** | **LTD** |
| Camp Cost & Operations | 1 | - | 61 | 125 | 1 | - | - | - | 187 | 1 | 252 |
| Drilling | 3 | - | 16 | 173 | (8) | 1 | - | - | 192 | (7) | 427 |
| General & Admin | 1 | - | 7 | 56 | - | 39 | - | 1 | 64 | 40 | 114 |
| Geochemistry | - | - | - | 3 | 3 | - | - | - | 3 | 3 | 8 |
| Geology | 4 | 3 | 6 | 9 | 9 | - | 2 | - | 22 | 11 | 47 |
| Geophysics | - | - | 1 | 1 | - | - | - | - | 2 | - | 139 |
| Other | - | - | - | - | - | - | 3 | - | - | 3 | 49 |
| **Gross Expenditures** | **9** | **3** | **91** | **367** | **5** | **40** | **5** | **1** | **470** | **51** | **1,036** |
| Reimbursement | (152) | - | - | (318) | (5) | (40) | (2) | (3) | (470) | (50) | (1,035) |
| **Net Expenditures** | **(143)** | **3** | **91** | **49** | **-** | **-** | **3** | **(2)** | **-** | **1** | **1** |

In summer 2006, 870 kilometres of detailed airborne EM and magnetic surveys were performed over the project area. In winter 2007, three holes costing $150,868 were drilled on a conductor on one claim, providing one intersection of minor uranium mineralization (0.058% $U_3O_8$ over 1 metre), but with strong alteration and faulting. In winter 2008, an additional target was drill-tested on another claim, returning highly-anomalous rare earths mineralization. Further drilling is proposed. As at January 31, 2009, Westcan had contributed $0.9 million towards exploration expenditures. No significant exploration activity occurred at Key Lake during fiscal 2009.

### 2.2.9 Collins Bay Extension Project – Optioned from Bayswater Uranium

In July 2009, the Company executed an option agreement with Bayswater Uranium Corporation. ("Bayswater") to commence exploration of the Collins Bay Extension uranium project ("CBX"), which is directly adjacent to, and following the North-East strike of the past-producing uranium mines at Rabbit Lake and Collins Bay, and the current producing uranium mine at Eagle Point in the Province of Saskatchewan. CBX contains a significant number of exploration targets within the Snowbird and Fife Island areas. Under the terms of the agreement, CanAlaska shall act as the exploration operator and may earn a 51% participating interest in the project by undertaking a minimum of $4 million in exploration expenditures within 5 years and issuing a total of 500,000 Company shares to Bayswater over this period. The Company may increase its participating interest to a 70% level by successfully undertaking a further $2 million in exploration expenditures over a period of 3 years.

### 2.2.10 Helmer Project, Saskatchewan

The Helmer Project comprises a contiguous block of 19 mineral claims totaling approximately 55,000 hectares in the central part of the north rim of the Athabasca Basin west of and south of Fond Du Lac, and 50 km southeast of Uranium City.

In summer 2007, CanAlaska drill-tested two targets on the project with eight drill holes. The shallowest holes intercepted the unconformity at 200-250 metres depth, exhibited limited alteration, but elevated uranium background levels. Further geophysical modeling was carried out at the end of the field season, and more drilling is expected on these targets. The Company is actively marketing this project for third party option to support a more extensive drill program. The expenditure in Q409 relates to the refund of a reclamation bond that had previously been credited against general and administration costs instead of reclamation bonds on the balance sheet.

| Table 11: $000's | | | | Quarterly | | | | | Year Ended | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **Helmer Project** | **Q108** | **Q208** | **Q308** | **Q408** | **Q109** | **Q209** | **Q309** | **Q409** | **Apr-08** | **Apr-09** | **LTD** |
| Camp Cost & Operations | 289 | 381 | 36 | 7 | 8 | 2 | - | - | 713 | 10 | 980 |
| Drilling | 201 | 771 | 172 | 31 | - | - | - | - | 1,175 | - | 1,175 |
| General & Admin | 8 | 68 | (38) | 392 | 2 | 7 | 1 | 45 | 430 | 55 | 735 |
| Geochemistry | 46 | 35 | 4 | 6 | 1 | - | - | - | 91 | 1 | 101 |
| Geology | 2 | 233 | 4 | 1 | 23 | (5) | 7 | - | 240 | 25 | 333 |
| Geophysics | (15) | 167 | 211 | (2) | 4 | 24 | 6 | - | 361 | 34 | 878 |
| Other | 131 | 210 | 14 | 1 | 1 | - | 10 | - | 356 | 11 | 518 |
| **Net Expenditures** | **662** | **1,865** | **403** | **436** | **39** | **28** | **24** | **45** | **3,366** | **136** | **4,720** |

### 2.2.11 Lake Athabasca Project, Saskatchewan

The Lake Athabasca project comprises 13 contiguous mineral claims totaling approximately 49,000 hectares, chiefly on Lake Athabasca, southwest of Uranium City and the former producing Gunnar Uranium Mine. Islands south of Crackingstone Peninsula comprise about 8% of the property area.

| Table 12: ($000's) | | | | Quarterly | | | | | Year Ended | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **Lake Athabasca Project** | **Q108** | **Q208** | **Q308** | **Q408** | **Q109** | **Q209** | **Q309** | **Q409** | **Apr-08** | **Apr-09** | **LTD** |
| Camp Cost & Operations | 413 | 349 | 94 | 437 | 21 | 6 | (9) | - | 1,293 | 18 | 1,820 |
| Drilling | 397 | 1 | 6 | 510 | 1 | - | - | - | 914 | 1 | 1,056 |
| General & Admin | 43 | 46 | 14 | 167 | 1 | 17 | - | - | 270 | 18 | 634 |
| Geochemistry | 5 | 41 | 6 | 9 | 19 | 1 | 3 | - | 61 | 23 | 94 |
| Geology | 26 | 41 | 43 | 102 | 30 | 4 | - | - | 212 | 34 | 327 |
| Geophysics | 16 | 203 | 109 | 136 | 6 | 19 | (18) | - | 464 | 7 | 1,662 |
| Other | 6 | 13 | 11 | 39 | 1 | 8 | 10 | - | 69 | 19 | 291 |
| **Net Expenditures** | **906** | **694** | **283** | **1,400** | **79** | **55** | **(14)** | **-** | **3,283** | **120** | **5,884** |

Drilling began in winter 2007. These holes confirmed the existence of uranium mineralizing events over a considerable area of the unconformity in this area and at Grouse Island, 3.5 km to the SE. In early winter 2008, the Company completed five more holes at three new targets near Johnston Island. Two holes targeted uranium mineralization in basement intrusive rocks. Holes near Johnston

Island focused on known mineralized zones. The third target south of Johnston Island defined a very prominent geophysical target that has now been shown as related to a large local uplift in the unconformity. Additional drilling is currently being considered. The negative numbers in Q309 represent the reversal of costs from Q209 that were associated with another project.

### 2.2.12 NE Wollaston Project, Manitoba

NE Wollaston comprises approximately 154,000 hectares which straddles the Saskatchewan-Manitoba border and lies between 90 and 170 km northeast along the Wollaston trend of basement formations hosting uranium deposits which include Rabbit Lake, Collins Bay and Eagle Point Mines. The geological targets across the NE Wollaston project match the styles of mineralization reported from basement-hosted mineral deposits further south in the Athabasca Basin. There is clear observation of late replacement pitchblende mineralization in vein zones, fractures, and as disseminations in host rocks. There is also evidence of more-disseminated mineralization across stratigraphic horizons, and multitudes of pegmatitic intrusive events, many of them containing primary uranium mineralization, or with brecciation and later uranium mineralization.

In 2004, CanAlaska acquired the mineral leases in the area and began systematic prospecting and lake sediment sampling. With encouraging results, this continued in 2006 with airborne surveys, systematic prospecting, geochemical and geophysical surveys. The highlight was the discovery of extensive uranium-mineralized belts, either within, or cutting across all rock types in the area. The Company aborted drill testing of initial targets in early 2007 due to drill contractor difficulties. However, further detailed work was carried out in the Summer of 2007 on each of the current targets as well as on additional preliminary targets for a total cost of $1.6 million. In early 2008, the Company released details of 1,620 higher-grade uranium samples, taken from 47 separate zones with extensive boulder dispersion trains and surface uranium mineralization.

| **Table 13: ($000's)** | | | | **Quarterly** | | | | | **Year Ended** | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **NE Wollaston Project** | **Q108** | **Q208** | **Q308** | **Q408** | **Q109** | **Q209** | **Q309** | **Q409** | **Apr-08** | **Apr-09** | **LTD** |
| Camp Cost & Operations | 316 | 425 | 5 | (6) | (6) | (4) | 9 | - | 740 | (1) | 1,362 |
| Drilling | - | - | - | - | - | - | - | - | - | - | 373 |
| General & Admin | (25) | 43 | 11 | 180 | 1 | 9 | - | 1 | 209 | 11 | 696 |
| Geochemistry | 18 | 100 | 30 | 5 | - | - | - | - | 153 | - | 797 |
| Geology | - | 30 | 41 | 19 | 19 | 21 | 4 | 1 | 90 | 45 | 2,303 |
| Geophysics | 80 | 273 | 19 | - | 3 | 1 | - | - | 372 | 4 | 905 |
| Other | 5 | 32 | - | - | 2 | 1 | 13 | - | 37 | 16 | 151 |
| **Net Expenditures** | **394** | **903** | **106** | **198** | **19** | **28** | **26** | **2** | **1,601** | **75** | **6,587** |

Further exploration on the project awaits the conclusion of land use consultations between the Government of Manitoba and local First Nations communities. The Company is assisting the government in its efforts and is also in discussions with local communities in an endeavor to re-commence operations in the near future. The permit area in Saskatchewan has been replaced by staked claims which the Company has retained for further exploration.

On December 10, 2008, the Company entered into a MOU with ERI for the exploration and development of the Manitoba portion of this project (refer to section 2.1). Due to continuing permitting delays a further MOU with ERI was signed for the Poplar project in June 2009.

### 2.2.13 McTavish Project, Saskatchewan

The McTavish project was reduced from one contiguous claim block to three blocks totaling seven mineral claims covering 16,000 ha in 2007. These claims are centered approximately 50 km southeast of the McArthur River mine and 40 km northwest of the Key Lake mine, with the southeastern claim located approximately 10km due west of Cameco Corp.'s Millenium uranium deposit. Work to-date included summer, 2006 ground-based sampling/lake sediment analysis and a Geotech VTEM airborne survey. The claims covering the main VTEM conductive targets were re-staked in 2007. They require further ground surveys in preparation for drill testing.

| Table 14: ($000's) | | | | Quarterly | | | | | Year Ended | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **McTavish Project** | **Q108** | **Q208** | **Q308** | **Q408** | **Q109** | **Q209** | **Q309** | **Q409** | **Apr-08** | **Apr-09** | **LTD** |
| Camp Cost & Operations | - | - | - | - | - | - | - | - | - | - | 14 |
| Drilling | - | - | - | - | - | - | - | - | - | - | - |
| General & Admin | - | 3 | - | 5 | - | - | 1 | - | 8 | 1 | 523 |
| GeoChemistry | - | - | - | 11 | - | - | - | - | 11 | - | 12 |
| Geology | - | - | - | - | - | - | - | - | - | - | 1 |
| GeoPhysics | - | - | - | 3 | - | - | - | - | 3 | - | 182 |
| Other | - | 36 | 2 | 18 | - | - | - | - | 56 | - | 58 |
| **Net Expenditures** | **-** | **39** | **2** | **37** | **-** | **-** | **1** | **-** | **78** | **1** | **789** |

In August 2009, the Company announced that it has entered into an option agreement with Kodiak Exploration Limited ("Kodiak") on the McTavish project. Kodiak has been granted an option to acquire up to a 70% interest in the project. In order to earn an initial 50% interest in the project, Kodiak must complete $4,000,000 in exploration and issue 1,000,000 Kodiak shares to CanAlaska in accordance with the following schedule: 100,000 Kodiak Shares on or before the Effective Date; such payment to be made within 10 business days after the date of acceptance (the "Effective Date") by the TSX Venture Exchange of a filing to be made in respect of the proposed option; $600,000 expenditures and 50,000 Kodiak Shares by the first anniversary of the Effective Date; a further $800,000 expenditures and 50,000 Kodiak Shares on or prior to the second anniversary of the Effective Date; a further $1,200,000 expenditures and 50,000 Kodiak shares on or prior to the third anniversary of the Effective Date; a further $1,400,000 expenditures and 50,000 Kodiak shares on or prior to the fourth anniversary of the Effective Date; and a further 700,000 Kodiak shares on or prior to the fifth anniversary of the Effective Date.

Kodiak may earn a further 10% interest in the project (60% total), by expending $3,000,000 in exploration/pre-feasibility work over an additional three year period, issuing an additional 550,000 Kodiak shares and producing a 43-101 compliant resource estimate containing at least 35 million pounds of $U_3O_8$ in the measured and indicated categories. By defining a resource of 50 million pounds of $U_3O_8$ during the same period, Kodiak's interest may increase to 70%.

### 2.2.14 Other Projects

For a full description of the Company's other projects, reference should be made to the Company's website at www.canalaska.com.

| Table 15<br>Other projects update | Status | Recent work undertaken |
|---|---|---|
| Waterbury | High priority - Seeking Venture Partner | 3 drill targets have been identified on these claims |
| Hodgson | High priority - Seeking Venture Partner | Initial assessment completed |
| Moon | Seeking Venture Partner | Geophysics planned |
| Alberta | Seeking Venture Partner | Viable drill targets identified |
| Arnold | Seeking Venture Partner | Initial airborne and ground surveys completed |
| Camsell | Seeking Venture Partner | Initial assessment completed |
| Carswell | Seeking Venture Partner | Initial assessment completed |
| Ford | Seeking Venture Partner | Initial assessment completed |
| Kasmere | | Exploration permits pending |
| Misty | Optioned to Great Western Minerals Group | Land use consultations ongoing with local First Nations Communities |
| Rainbow Hill AK | Optioned to District Gold in October 2008 | No significant work undertaken |
| Voisey's Bay East "VB1" | Disposed | |
| Voisey's Bay South "VB2" | JV With Columbia Yukon | Airborne and ground surveys undertaken |
| Zeballos | Seeking Venture Partner | 43-101 report commissioned |
| Glitter Lake | Disposed | Field work carried out |
| Rise and Shine, NZ | Under Joint Venture with Oceana Gold | Last drill program 2006 |
| Reefton Property, NZ | Optioned to Kent Exploration | Drill program March 2007 |

On February 9, 2009, the Company announced that Kent Exploration Inc. entered into a 5-year option agreement to acquire a 70% interest in the Reefton Project, (EP 40 677) of South Island, New Zealand. Under the option agreement, $5,000 is payable on execution and $3,500,000 in exploration expenditures on the project over the five year option period, with $100,000 in immediate exploration expenditures, $1,150,000 of expenditures to be made before the end of the third anniversary of the option agreement, $2,250,000 of expenditures to be made before the end of the fifth anniversary of the option agreement and the issuance of 2,000,000 Kent common shares, of which 500,000 common shares are to be issued on or before the end of the first anniversary of the option agreement, 500,000 on or before the third anniversary of the option agreement and 1,000,000 on or before the end of the fifth anniversary of the option agreement.

CanAlaska's New Zealand subsidiary, Golden Fern Resources Ltd., the pending holder under joint venture of the mineral license covering the Rise and Shine shear zone, located north of Cromwell, New Zealand, has entered into an option agreement for the sale of a 70% ownership interest in Golden Fern. The funding for Golden Fern will allow detailed project evaluation and exploration on the Rise and Shine project, including 4,000 metres of drill testing on favourable gold targets. Additional terms of the agreement include progressive cash payments of $13,000 and the issuance of 200,000 shares in Glass Earth Gold Ltd. to the Company over the course of the program.

During the year, the Company disposed of its Granite Dome and Greymouth permits and therefore recorded mineral property write-downs of $0.2 million. The VBE1 Project was dropped by Canalaska and its partner Columbia Yukon The company also wrote-down its Mt. Mitchell claims ($0.3 million) and did not renew its prospecting permit on this property subsequent to year end.

## 3. FINANCIAL POSITION

During the third quarter the company reviewed its accounting treatment of the CKU Partnership for the Cree East Project. As a result, the partnership is now fully consolidated under the variable interest entities rules, which has resulted in a retrospective restatement to the opening balance sheet (refer to section 7.6).

### 3.1 Cash and Working Capital

| **Table 16: ($000's)<br>Cash and Working Capital** | **Apr-08<br>(restated)** | **Apr-09** |
|---|---|---|
| Cash and cash equivalents | $7,376 | $6,339 |
| Accounts receivable and prepaids | 2,121 | 996 |
| Available-for-sale securities | 882 | 276 |
| Accounts payable and accruals | (2,619) | (1,194) |
| **Net working capital** | **$7,760** | **$6,417** |

For analysis and discussion of the movement in cash and cash equivalents reference should be made to Section 5 of this MD&A. Included within cash and cash equivalents are $0.4 million in funds from the CKU Partnership which are dedicated to the Cree East project. Reference should be made to note 4 of the consolidated financial statements for further details.

Included within accounts receivable and prepaids is approximately $0.7 million in GST refunds associated with exploration programs during the year. The decrease from April 30, 2008 is due to a reduction in receivables from our partners that existed at April 30, 2008.

During the second quarter (October 2008), the Company recorded a permanent impairment on a number of its investments and wrote the balances down to their markets values due to the significant decline in market value due to economic downturn that was viewed as other than temporary.

The decrease in accounts payable can be attributed to the drill program and geophysics program that was undertaken in the fourth quarter on the Cree East and Lake Athabasca projects that remained unpaid at April 30, 2008 ($505,000) and geophysics ($670,000) undertaken at West McArthur and Alberta projects.

### 3.2 Other Assets and Liabilities

| Table 17: ($000's) Other Assets and Liabilities | Apr-08 (restated) | Apr-09 |
|---|---|---|
| Property and equipment | 887 | 827 |
| Mineral property interests (section 2.2) | 31,661 | 39,133 |
| Reclamation bonds | 711 | 317 |
| Future income tax liability | (1,445) | (1,341) |
| Non-controlling interest | ($3,600) | ($7,600) |

Reclamation bonds decreased principally as a result of a refund from the Saskatchewan Government following the completion of the Lake Athabasca exploration program which commenced in the previous year.

The non-controlling interest has arisen due to the change in accounting treatment of the CKU Partnership (refer to section 7.6). The amount represents the total funding from our Korean partners for their contributions towards the partnership. It also includes $0.6 million that was contributed for Intellectual Property during the formation of the Partnership that was purchased from CanAlaska. During the year, the Koreans have committed $4.0 million in funding for the Cree East project. A further $880,000 in funding was received on July 31, 2009.

### 3.3 Equity and Financings

| Table 18: ($000's) Shareholders' Equity | Apr-08 (restated) | Apr-09 |
|---|---|---|
| Common shares | $54,079 | $56,183 |
| Contributed surplus | 5,392 | 7,940 |
| Accumulated other comprehensive income | 166 | 9 |
| Deficit | (23,663) | (26,379) |
| **Total shareholders equity** | **$35,974** | **$37,753** |

| Table 19: ($000's) Equity Instruments | Apr-08 | Apr-09 |
|---|---|---|
| Common shares outstanding | 125,870 | 137,784 |
| Options outstanding | | |
| Number | 16,899 | 21,372 |
| Weighted average price | $0.46 | $0.36 |
| Warrants outstanding | | |
| Number | 12,380 | 6,307 |
| Weighted average price | $0.57 | $0.50 |

**Equity instruments**

As of April 30, 2009 the Company had 137,783,650 common shares outstanding. Subsequent to year end, the Company undertook a non-brokered flow-through private placement and issued 5,826,764 common shares through two tranches of unit offerings. It also issued 50,000 shares under the Collins Bay Extension Option Agreement to bring the total shares outstanding as at August 25, 2009 to 143,660,414 common shares.

During the 2009 fiscal year, 300,000 options (2008: 870,100) were exercised. In February 2009, the Company issued 10,000 shares for property access rights in NZ. In February 2009, the Company renounced its expenditures in respect of the flow-through units (renounced on May 29, 2008) and as required under Canadian GAAP recognized the future income tax liability and decreased share capital by $1.0 million.

In December 2008, the Company issued 40,000 common shares under the Santoy Kasmere purchase agreement. In September 2008, the Company issued 100,000 common shares respectively for the Black Lake and Fond Du Lac properties.

On May 29, 2008, the Company issued 10,922,660 flow-through units at a price of $0.34 per unit for gross proceeds of $3.7 million. Each unit consisted of one flow-through common share and one-half of one non-transferable share purchase warrant. Each whole warrant entitles the holder to purchase one additional flow-through common share or, at the election of the investor, one non flow-through common share for a period of two years from the closing date at a price of $0.50 per warrant share.

**Table 20: Proceeds from Financings**

| Date | Type | Intended Use | Actual Use |
|---|---|---|---|
| August 2009 | 5,826,764 flow-through units | Uranium exploration in Saskatchewan | Pending |
| May 2008 | 10,922,660 flow-through units | Uranium exploration in Saskatchewan, Manitoba, and Alberta | As Intended |
| October 2007 | 7,660,877 flow-through units | Uranium exploration in Athabasca Basin in general working capital | As Intended |
| September 2007 | 1,111,111 flow-through units | Uranium exploration in Athabasca Basin in general working capital | As Intended |

In August 2009, the Company announced the closing of two tranches of a non-brokered flow-through private placement and has issued a total of 5,826,764 units at $0.17 per unit for gross proceeds of $990,550. Each unit consists of one common share or one flow-through common share in the capital of the Company and one-half of one non-transferable share purchase warrant, each whole warrant entitles the holder thereof to purchase one additional common share of the Company for a period of twenty-four months from the closing date at a price of $0.24 per share.

In connection with this closing, the Company has paid an aggregate of $49,528 in cash and issued an aggregate of 277,837 compensation options, as finders' fees. Each compensation option entitled the holder thereof to acquire one unit at a price of $0.17 per unit for a period of 24 months. Each unit will consist of one common share or one flow-through common share in the capital of the Company and one-half of one non-transferable share purchase warrant, each whole warrant entitles the holder thereof to purchase one additional common share of the Company for a period of twenty-four months from the closing date at a price of $0.24 per warrant share.

The Company announced on August 21, 2009 the closing of 1,145,000 units at a price of $0.17 per unit for gross proceeds of $240,550, this should have read 1,415,000 units at a price of $0.17 per unit for gross proceeds of $240,550.

## 4. EXPENDITURES REVIEW

Certain comparative figures in this table have been reclassified to conform to current period's presentation. As required under NI 51-102, CanAlaska as a venture issuer without significant revenue is required to provide a breakdown of its material components of capitalized or expensed exploration costs (refer to section 2 of this MD&A and note 9 of the audited consolidated financial statements) and a breakdown of the material components of general and administration expenses (refer below).

| Table 21: ($000's) | | | | Quarterly | | | | | Year End | |
|---|---|---|---|---|---|---|---|---|---|---|
| Quarterly Expenditures | Q108 | Q208 | Q308 | Q408 | Q109 | Q209 | Q309 | Q409 | 2008 | 2009 |
| **Revenue** | - | - | - | - | - | - | - | - | - | - |
| **Expensed Exploration Cost** | | | | | | | | | | |
| Net indirect exploration exp. | (101) | 136 | (397) | 1,277 | 28 | 14 | 21 | 954 | 915 | 1,017 |
| Mineral property write-offs | - | - | - | 550 | - | - | 10 | 484 | 550 | 494 |
| Equipment rental income | - | - | - | (429) | - | - | - | (316) | (429) | (316) |
| Net option payments | - | - | - | (137) | (112) | (29) | (15) | (31) | (137) | (187) |
| | (101) | 136 | (397) | 1,261 | (84) | (15) | 16 | 1,091 | 899 | 1,008 |
| **Other Expenses** | | | | | | | | | | |
| Consulting, labour & prof. fees | 378 | 239 | 425 | 432 | 150 | 294 | 327 | 278 | 1,474 | 1,049 |
| Depreciation & amortization | 20 | (20) | - | 188 | 53 | 54 | 57 | 68 | 188 | 232 |
| Foreign exchange loss (gain) | - | - | - | (28) | (27) | (120) | 49 | (95) | (28) | (193) |
| Insurance, licenses & filing fees | 28 | 115 | 17 | 52 | 20 | 65 | (45) | 21 | 212 | 61 |
| Interest income | (41) | (303) | 158 | (94) | (50) | (44) | (28) | (45) | (280) | (167) |
| Other corporate cost | 27 | 47 | 53 | 53 | 39 | 40 | 23 | 116 | 180 | 218 |
| Investor relations | 115 | 99 | 93 | 36 | 16 | 17 | 21 | 6 | 343 | 60 |
| Rent | 15 | 21 | 30 | 29 | 22 | 39 | 92 | 47 | 95 | 200 |
| Stock-based compensation | 122 | - | 601 | 372 | 373 | 382 | 346 | 408 | 1,095 | 1,509 |
| Travel & accommodation | 59 | 65 | 22 | 66 | 9 | 41 | 19 | 11 | 212 | 80 |
| Write-down of AFS securities | - | - | (15) | (134) | - | 327 | 41 | 26 | (149) | 394 |
| Management fee | - | (179) | (429) | (287) | (145) | (65) | 210 | (628) | (895) | (628) |
| | 723 | 84 | 955 | 685 | 460 | 1,030 | 1,112 | 213 | 2,447 | 2,815 |
| **Net loss before taxes** | **622** | **220** | **558** | **1,946** | **376** | **1,015** | **1,128** | **1,304** | **3,346** | **3,823** |
| Future income taxes | - | - | - | (772) | - | - | - | (1,107) | (772) | (1,107) |
| **Net loss after tax** | **622** | **220** | **558** | **1,174** | **376** | **1,015** | **1,128** | **197** | **2,574** | **2,716** |
| Unrealized loss on AFS securities | 147 | 125 | (58) | 146 | 147 | 125 | (58) | (57) | 360 | 157 |
| **Comprehensive loss** | **769** | **345** | **500** | **1,320** | **523** | **1,140** | **1,070** | **140** | **2,934** | **2,873** |
| Loss Per Share | 0.01 | 0.00 | 0.00 | 0.01 | 0.00 | 0.01 | 0.01 | 0.00 | 0.02 | 0.02 |

As the Company is in a loss position the basic loss per share and diluted loss per share are equivalent and therefore only loss per share is presented in the above table.

Net indirect exploration expenses are cost associated with running our field operation office in Saskatchewan and our warehouse in La Ronge, and time and cost of our exploration team when their time is not directly charged to a project. Prior to the fourth quarter of 2009, these costs had been deferred on the balance sheet. The Company had netted management fees and rental income against these deferred costs. In an effort to create greater clarity on the Company's costs and reflect the indirect nature of these costs, the Company has expensed these costs. For the fiscal year ended April 30, 2009, net indirect exploration costs were $1,017,000 and the Company managed to recover $944,000 of these costs via rental income ($316,000) and management fees ($628,000). Rental income is comprised of income (cost recapture) of charging projects for rent of camps and other miscellaneous equipment that was previously purchased by the Company and is maintained at our La Ronge warehouse.

In the fourth quarter of 2009, the Company recorded property write-downs on two of its New Zealand projects where it withdrew its license application prior to fiscal year end. Subsequent to fiscal year end, the Company also did not renew its license on the Puhi Puhi (Mt Mitchell) property and recorded a write-down of a further $0.3 million in the fourth quarter.

Consulting, labour and professional fees were significantly higher in the fourth quarter of 2008, as the Company incurred legal costs in excess of $260,000 due in part from the legal costs associated with the completion of the Cree East Agreement. The increase from Q109 to Q209 is principally due to an under accrual in Q109. Included within Q309 were bonus payments of $130,000.

Depreciation was not previously being recorded on a quarterly basis prior to the fourth quarter of 2008.

Insurance, licenses and filing fees were negative in the third quarter of 2009 as a result of an insurance allocation to various properties.

Rent costs are up in Q309 as a result of the transfer of the Glitter Lake property and its associated costs, to exit an existing office sub-lease agreement.

The debit to management fees in the third quarter of 2009 represented a reversal of management fees booked in the first half of the year that should have been offset against indirect costs in the first instance. The revision to the accounting policy undertaken during the fourth quarter should provide greater visibility of costs moving forward.

Future income tax recovery arises from the renouncement of tax losses associated with the Company's May 2008 flow-through offering. Under Canadian GAAP, the associated future income tax liability is not recognized until the physical renouncement is made to the Government, which incurred in February 2009. Also included in the future income tax recovery is the reduction in the Company's future income tax liability as a result of the reduction in the substantially enacted tax rates in Canada.

In the fourth quarter of 2008, the Company recognized a gain on sale on disposition of some of the Company's available-for-sale securities. During the second quarter of 2009 the Company reviewed a number of its available-for-sale securities in light of the current economic environment and recorded a permanent impairment in the statement of loss and deficit. As a result all of the previous recorded fair value adjustments for these securities that flowed through other comprehensive income were reversed. The Company took a further write-down on certain investments in the third quarter of 2009.

Investor relations expenses were significantly lower in the current year. The Company has consciously reduced these activities over the past 18 months due to the current economic environment.

## 5. CASHFLOW REVIEW

For the three months ended April 30, 2009, cash outflow from operations, after non-cash working capital movements, was $0.7 million (Q408: $1.3m), which is consistent with the net loss for the period. There were no financing activities for the quarter ended April 30, 2009, (Q408: $2.32m) which was all related to the contribution from Korean Consortium. Cash outflow from investing activities was $1.0 million for the three months ended January 31, 2009 (Q308: outflow $1.0m) as the Company continued to invest in its Athabasca Basin properties.

For the fiscal year ended April 30, 2009, cash outflow from operations, after non-cash working capital movements, was $1.6 million (2008: $1.6m), which is consistent with the net loss for the period. Proceeds from financing activities during the year were $8.7 million (2008: $9.5m) which stemmed from the flow-through financing completed in May 2008 and the cash contributions to our Korean joint venture. Cash outflow from investing activities was $8.1 million for the year (2008: $10.6m) as the Company continued to invest in the exploration of its Athabasca Basin properties.

As of April 30, 2009, the Company had $6.3 million (April 30, 2008: $7.4m) in cash and cash equivalents.

As of July 31, 2009, the Company had cash and cash equivalents of $5.2 million.

## 6. OUTLOOK

CanAlaska remains focused on its corporate mission of exploration for the discovery of one or more significant uranium deposits in the Athabasca region of Northern Saskatchewan, and believes that it has the projects, strategic partners, people & knowledge base, corporate treasury and fund raising ability to deliver on this mission.

Our winter drill programs at the Cree East and West McArthur projects have further defined our target zones and identified new targets for future drill programs. At Cree East, our Korean Partners have recently contributed $0.9 million to a summer geophysics program which will further enhance our geophysical understanding of our targets and help further define drill targets for next winter's exploration. With this funding contribution, our Korean partners have now contributed $8.5 million of their $19 million funding commitment.

At the West McArthur project, Mitsubishi Development Pty Ltd. are on the verge of earning-in to the project with cumulative exploration spending of approximately $10 million (as at April 30, 2009, $9.7 million had been spent). A $1.0 million cash payment is due to the Company upon earn-in. CanAlaska remains excited by the possibility of Mitsubishi becoming a formal partner in the West McArthur project and the prospect of a significant drill program in winter 2010. CanAlaska will meet and work with Mitsubishi over the coming months to establish the future program and structure of the West McArthur joint venture.

From a business development perspective, the introduction of Chinese explorer ERI as a strategic partner on the Poplar project further demonstrates our ability to not only maintain its significant strategic relationships, but also build new relationships. The Company expects ERI to enter into a formal agreement shortly. In August, six Chinese geologists, coupled with CanAlaska personnel, commenced geological mapping and prospecting of 5 target zones on the project in preparation for an extensive drill program this coming winter.

The Company recently announced the optioning of the Collins Bay Extension Project from Bayswater Uranium. As CanAlaska's 2009 summer exploration program was already focused on drill testing near-surface uranium targets on the Northern Rim of the Athabasca Basin, at Black Lake, Fond Du Lac and Grease River, the opportunity to combine these logistical operations on a readily accessible project such as the Collins Bay Extension, is significant. The Collins Bay Extension Project hosts multiple zones of known uranium mineralization, and on Fife Island, at least one zone of ore-grade values.

At the Fond Du Lac project, a $500,000 exploration program has recently been completed comprising 2,000 metres of drilling and geophysics is testing multiple gravity and chargeability targets identified in the vicinity of the historic Fond Du Lac uranium deposit. In 2008, the Company carried out reconnaissance work and the first drill sampling of the deposit since the late 1970's. The first drill holes through the eastern end of the mineralized zone intercepted significant intervals of mineralized sandstone above the unconformity. Below the unconformity, the drillholes intercepted hematitic alteration zones with similarities to typical feeder zones for classical unconformity style deposits. In August 2009, the Company announced that the exploration program at Fond Du Lac had been extended based on mineralization discovered in basement structures.

CanAlaska is also actively marketing other projects to potential partners in the coming months.

As of July 31, 2009 the Company had cash and cash equivalents of $5.2 million. Combined with the recent private placement, these funds will enable CanAlaska to continue with its various programs on its 23 projects in the Athabasca basin.

## 7. 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, 2009, which are available on the Company's website at www.canalaska.com and the risk factor section of the most recently filed Form 20-F on EDGAR.

### 7.1 Related Party Transactions

| **Table 22: Proceeds from Financing<br>$000's** | **2009** | **2008** | **2007** |
|---|---|---|---|
| Management fees to a company controlled by the former Chairman | - | 171 | 111 |
| Rent to a company controlled by the former Chairman | - | - | 23 |
| Consulting fees to a company controlled by the President | - | - | 85 |
| Consulting fees to a company controlled by the former Corporate Secretary | - | 16 | 31 |
| Engineering and consulting fee to the VP Exploration | 185 | 194 | - |
| Consulting fees to the VP Corporate Development and director | - | 115 | 55 |
| Accounting fees to a company controlled by the former Chief Financial Officer | 60 | 39 | 34 |

The Company had an office lease agreement from the former Chairman of the Company, this lease agreement was terminated in March 2009.

The Company had previously paid consulting fees to the President and a former Corporate Secretary. Consulting fees are no longer charged by the President and CEO as he is now a salaried employee.

The VP Exploration currently provides his services through a consulting company and is therefore disclosed above. The VP Corporate Development previously billed his services via a consulting arrangement he is now a salaried employee. In addition, during the year the consulting company of the VP Exploration provided additional geological services of $9,900 which is included in the table above (which was provided on an arms' length basis).

The former Chief Financial Officer had billed his time through a consulting company. Included within the accounting fees for the year ended April 30, 2009 is $24,000 for the fair value of shares transferred as part of his termination package.

All transactions were conducted on an arms' length basis.

Effective February 2005, each outside director is entitled to receive $500 per month, $500 per directors meeting and $500 per committee meeting. During the year, $71,572 (2008: $45,645) has been paid/accrued to directors. At year end, $10,326, (2008: $22,510) is owing to directors. This is due on demand and non-interest bearing.

**7.2 Financing**

Management believes that the funds on hand at April 30, 2009 are sufficient to meet corporate, administrative, exploration activities for the next twelve months given the continuing funding from our joint venture partners. Should management be successful in its coming exploration programs it may either need to dilute its ownership in its properties or secure additional financing to continue to advance the development of its projects.

**7.3 Future Changes in Accounting Policies**

International Financial Reporting Standards ("IFRS")

The Canadian Accounting Standards Board ("AcSB") in 2006 published a new strategic plan that will significantly affect financial reporting requirements for Canadian companies. The AcSB strategic plan outlines the convergence of Canadian GAAP with IFRS over an expected five year transitional period. In February 2008 the AcSB announced that 2011 is the changeover date for publicly-listed companies to use IFRS, replacing Canada's own GAAP. The date is for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011.

The transition date of January 1, 2011 will require the restatement for comparative purposes of amounts reported by the Company for the year ended April 30, 2011. While the Company has begun assessing the adoption of IFRS for 2011, the financial reporting impact of the transition to IFRS cannot be reasonably estimated at this time.

**Goodwill and Other Intangible Assets**

The CICA issued CICA Handbook Section 3064 "Goodwill and Other Intangible Assets" which the Company will adopt, effective May 1, 2009. The new requirements of Section 3064 are for recognition, measurement, presentation and disclosure. Section 3064 replaces Section 3062, "Goodwill and Other Intangible Assets". The new standard establishes revised standards for the recognition, measurement, presentation and disclosure of goodwill and intangible assets. The new standard also provides guidance for the treatment of preproduction and start-up costs and requires that these costs be expensed as incurred. Management is currently assessing the impact of these new accounting standards on its financial statements.

**Business Combinations**

In January 2009, the CICA issued Handbook Section 1582, "Business Combinations", which replaces Section 1581, "Business Combinations", and provides the equivalent to IFRS 3, "Business Combinations" (January 2008). The new Section expands the definition of a business subject to an acquisition and establishes significant new guidance on the measurement of consideration given, and the recognition and measurement of assets acquired and liabilities assumed in a business combination. The new Section requires that all business acquisitions be measured at the full fair value of the acquired entity at the acquisition date even if the business combination is achieved in stages, or if less than 100 percent of the equity interest in the acquire entity is owned at the acquisition date. The measurement of equity consideration given in a business combination will no longer be based on the average of the fair value of the shares a few days before and after the day the terms and conditions have been agreed to and the acquisition announced, but rather at the acquisition date. Subsequent changes in fair value of contingent consideration classified as a liability will be recognized in earnings and not as an adjustment to the purchase price. Restructuring and other direct costs of a business combination are no longer considered part of the acquisition accounting. Instead, such costs will be expensed as incurred, unless they constitute the costs associated with issuing debt or equity securities. The Section applies prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2011. Earlier adoption is permitted. This new Section will only have an impact on the consolidated financial statements for future acquisitions that will be made in periods subsequent to the date of adoption.

**Consolidated Financial Statements and Non-Controlling Interests**
In January 2009, the CICA issued Handbook Section 1601, "Consolidated Financial Statements" and Section 1602, "Non-Controlling Interests", which together replace Section 1600, "Consolidated Financial Statements". These two Sections are the equivalent to the corresponding provisions of International Accounting Standard 27, "Consolidated and Separate Financial Statements" (January 2008). Section 1602 applies to the accounting for non-controlling interests and transactions with non-controlling interest holders in consolidated financial statements. The new Sections require that, for each business combination, the acquirer measure any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets. The new Sections also require non-controlling interest to be presented as a separate component of shareholders' equity. Under Section 1602, non-controlling interest in income is not deducted in arriving at consolidated net income or other comprehensive income. Rather, net income and each component of other comprehensive income, are allocated to the controlling and non-controlling interests based on relative ownership interests. These Sections apply to interim and annual consolidated financial statements relating to fiscal years beginning on or after January 1, 2011, and should be adopted concurrently with Section 1582. The Company is currently assessing the future impact of these new Sections on its consolidated financial statements.

### 7.4 Disclosure Controls and Internal Control Financial Reporting
The Company's disclosure controls and procedures ("DCP") are designed to provide reasonable assurance that all relevant information is communicated to senior management, to allow timely decisions regarding required disclosure. Management has concluded, and the audit committee has agreed that taking into account the present stage of the Company's development, the Company does not have sufficient size and scale to warrant the hiring of additional staff to address all the requirements of a fully segregated financial close process. The Chief Financial Officer is responsible for preparing, authorizing, and reviewing information that is key to the preparation of financial reports. He is also responsible for preparing and reviewing the resulting financial reports. This weakness has the potential to result in material misstatements in the Company's consolidated financial statements.

### 7.5 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.

### 7.6 Changes in Accounting Policy
There were no changes in significant accounting policies of the Company for the fiscal year ended April 30, 2009, except as noted below and noted in the Company's audited financial statements.

**Canada-Korea Uranium Limited Partnership**
During the third quarter the Company reviewed its accounting policy in respect of the Canada-Korea Uranium Limited Partnership ("CKU Partnership") and CanAlaska Korea Uranium Limited ("CKUL"). Under the previous accounting treatment the Company proportionately consolidated the financial statements of CKU Partnership and CKUL.

Under Canadian GAAP (Accounting Guideline 15 – Consolidation of Variable Interest Entities) the Company must consider its initial decision to consolidate when the CKU Partnership issues new variable interests. During the year, additional contributions totalling $4.0 million have been received from our partners. These contributions combined with the recent activity undertaken suggest that the funds available are not sufficient to fully develop the property and has lead the Company to apply the principles of Accounting Guideline 15 and fully consolidate both the CKU Partnership and CKUL.

The Company has adopted this change retrospectively as is encouraged under Accounting Guideline 15 and therefore the balance sheet of the Company as at April 30, 2008 has been restated:

| | | |
|---|---|---|
| Increase (Debit) | Cash and cash equivalents | $211,770 |
| Increase (Debit) | Restricted cash | $12,846 |
| Decrease (Credit) | Accounts receivable | $(222,383) |
| Increase (Debit) | Mineral properties | $628,276 |
| Increase (Credit) | Future income tax liability | $(68,890) |
| Increase (Credit) | Non-controlling interest | $(3,600,000) |
| Decrease (Debit) | Contributed surplus | $3,194,713 |
| Decrease (Debit) | Retained earnings | $(156,332) |

**Section 1535 – Capital Disclosures**
Effective May 1, 2008, the Company adopted CICA Handbook Section 1535, Capital Disclosure. This section establishes standards for disclosing information about the Company's capital and how it is managed. Disclosures required by this standard are included in note 12 of the consolidated financial statements.

**Section 1400 – General Standards of Financial Statement Presentation**
In June 2007, the CICA issued changes to Section 1400, General Standards of Financial Statement Presentation. Section 1400 has been amended to include requirements to assess and disclose an entity's ability to continue as a going concern. Management shall make an assessment of an entity's ability to continue as a going concern. When management is aware, in making its assessment, of material uncertainties related to events or conditions that may cast doubt upon the entity's ability to continue as a going concern, those uncertainties shall be disclosed. When financial statements are not prepared on a going concern basis, that fact shall be disclosed, together with the basis on which the financial statements are prepared and the reason why the entity is not regarded as a going concern. Section 1400 is effective for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2008. The adoption of this standard will have no impact on the Company's operating results or financial position and management expects that there will not be a material impact on the Company's consolidated financial statement disclosure.

**Section 3862 – Financial Instruments - Disclosures**
Effective May 1, 2008, the Company adopted CICA Handbook section 3862, Financial Instruments - Disclosures. This section requires the Company to provide disclosure of quantitative and qualitative information in their financial statements that enable users to evaluate (a) the significance of financial instruments for the Company's financial position and performance; and (b) the nature and extent of risks arising from financial instruments to which the Company is exposed during the period and at the balance sheet date, and management's objectives, policies and procedures for managing such risks. Disclosures required by this standard are included in note 21 of the consolidated financial statements.

**Section 3863 – Financial Instruments – Presentation**
Effective May 1, 2008, the Company adopted CICA Handbook Section 3863, Financial Instruments – Presentation. This section carries forward the presentation requirements for financial instruments of Section 3861. As there were no changes to the presentation requirements there was no impact on the consolidated financial statements.

**7.7 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.

### 7.7.1 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.

### 7.7.2 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. Competition in the mining industry could adversely affect the Company's prospects for mineral exploration in the future.

### 7.7.3 Foreign Political Risk
The Company's material property interests are currently located in Canada and New Zealand. An insignificant portion 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.

### 7.7.4 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.

### 7.7.5 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.

### 7.7.6 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.

### 7.7.7 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, 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.

### 7.7.8 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.

### 7.7.9 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.

### 7.7.10 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.

### 7.7.11 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.

## 8 SUMMARY OF FINANCIAL POSITION AND PERFORMANCE

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

| Table 23: ($000's) | | | | Quarterly | | | | | Year Ended | |
|---|---|---|---|---|---|---|---|---|---|---|
| **Loss & Comprehensive Loss Summary** | **Q108** | **Q208** | **Q308** | **Q408** | **Q109** | **Q209** | **Q309** | **Q409** | **2008** | **2009** |
| **Revenue** | - | - | - | - | - | - | - | - | - | - |
| **Expensed Exploration Cost** | | | | | | | | | | |
| Net indirect exploration exp. | (101) | 136 | (397) | 1,277 | 28 | 14 | 21 | 954 | 915 | 1,017 |
| Mineral property write-offs | - | - | - | 550 | - | - | 10 | 484 | 550 | 494 |
| Equipment rental income | - | - | - | (429) | - | - | - | (316) | (429) | (316) |
| Net option payments | - | - | - | (137) | (112) | (29) | (15) | (31) | (137) | (187) |
| | (101) | 136 | (397) | 1,261 | (84) | (15) | 16 | 1,091 | 899 | 1,008 |
| **Other Expenses** | | | | | | | | | | - |
| Consulting, labour & prof. fees | 378 | 239 | 425 | 432 | 150 | 294 | 327 | 278 | 1,474 | 1,049 |
| Depreciation | 20 | (20) | - | 188 | 53 | 54 | 57 | 68 | 188 | 232 |
| Foreign exchange loss (gain) | - | - | - | (28) | (27) | (120) | 49 | (95) | (28) | (193) |
| Insurance, licenses & filing fees | 28 | 115 | 17 | 52 | 20 | 65 | (45) | 21 | 212 | 61 |
| Interest income | (41) | (303) | 158 | (94) | (50) | (44) | (28) | (45) | (280) | (167) |
| Other corporate cost | 27 | 47 | 53 | 53 | 39 | 40 | 23 | 116 | 180 | 218 |
| Investor relations | 115 | 99 | 93 | 36 | 16 | 17 | 21 | 6 | 343 | 60 |
| Rent | 15 | 21 | 30 | 29 | 22 | 39 | 92 | 47 | 95 | 200 |
| Stock-based compensation | 122 | - | 601 | 372 | 373 | 382 | 346 | 408 | 1,095 | 1,509 |
| Travel & accommodation | 59 | 65 | 22 | 66 | 9 | 41 | 19 | 11 | 212 | 80 |
| Write-down of AVS securities | - | - | (15) | (134) | - | 327 | 41 | 26 | (149) | 394 |
| Management fees | - | (179) | (429) | (287) | (145) | (65) | 210 | (628) | (895) | (628) |
| | 723 | 84 | 955 | 685 | 460 | 1,030 | 1,112 | 214 | 2,447 | 2,815 |
| **Net loss before taxes** | **622** | **220** | **558** | **1,946** | **376** | **1,015** | **1,128** | **1,304** | **3,346** | **3,823** |
| Future income taxes | - | - | - | (772) | - | - | - | (1,107) | (772) | (1,107) |
| **Net loss after taxes** | **622** | **220** | **558** | **1,174** | **376** | **1,015** | **1,128** | **197** | **2,574** | **2,716** |
| Unrealized loss on AFS securities | 147 | 125 | (58) | 146 | 147 | 125 | (58) | (57) | 360 | 157 |
| **Comprehensive loss** | **769** | **345** | **500** | **1,320** | **523** | **1,140** | **1,070** | **140** | **2,934** | **2,873** |
| Loss per share | 0.01 | 0.00 | 0.00 | 0.01 | 0.00 | 0.01 | 0.01 | 0.00 | 0.02 | 0.02 |

| Table 24: ($000's) Financial Position summary | Q108 | Q208 | Q308 | Quarterly<br>Q408 (restated) | Q109 (restated) | Q209 (restated) | Q309 | Q409 |
|---|---|---|---|---|---|---|---|---|
| **Financial Position** | | | | | | | | |
| **Assets** | | | | | | | | |
| Cash and cash equivalents | 6,424 | 8,618 | 9,117 | 7,376 | 10,546 | 7,702 | 7,990 | 6,339 |
| Accounts receivable and prepaids | 587 | 1,493 | 1,649 | 2,121 | 2,040 | 1,307 | 2,010 | 996 |
| Available-for-sale securities | 611 | 609 | 612 | 882 | 676 | 251 | 245 | 276 |
| **Total Current Assets** | **7,622** | **10,720** | **11,378** | **10,379** | **13,262** | **9,260** | **10,245** | **7,611** |
| Reclamation bond | 676 | 680 | 680 | 711 | 711 | 280 | 281 | 317 |
| Property, plant and equipment | 400 | 886 | 932 | 887 | 860 | 837 | 823 | 827 |
| Mineral property interests | 21,825 | 26,210 | 25,525 | 31,661 | 32,822 | 35,854 | 36,500 | 39,133 |
| **Total Assets** | **30,523** | **38,496** | **38,515** | **43,368** | **47,655** | **46,231** | **47,939** | **47,888** |
| **Liabilities** | | | | | | | | |
| Accounts payable and accruals | 65 | 304 | 268 | 2,619 | 1,499 | 630 | 590 | 1,194 |
| Future income tax liability | - | 946 | 946 | 1,445 | 1,445 | 1,445 | 1,445 | 1,341 |
| **Total Liabilities** | **65** | **1,250** | **1,214** | **4,064** | **2,944** | **2,075** | **2,035** | **2,535** |
| **Non-Controlling Interest** | - | - | - | 3,600 | 5,280 | 5,280 | 7,600 | 7,600 |
| **Shareholders' Equity** | | | | | | | | |
| Common shares | 48,894 | 55,901 | 55,913 | 54,079 | 57,000 | 57,114 | 57,114 | 56,183 |
| Contributed surplus | 3,275 | 3,275 | 3,875 | 5,392 | 6,451 | 6,922 | 7,420 | 7,940 |
| AOCI | - | - | - | 166 | 19 | (106) | (48) | 9 |
| Deficit | (21,711) | (21,930) | (22,487) | (23,663) | (24,039) | (25,054) | (26,182) | (26,379) |
| **Total Shareholders' Equity** | **30,458** | **37,246** | **37,301** | **35,974** | **39,431** | **38,876** | **38,304** | **37,753** |
| **Total Liabilities and Equity** | **30,523** | **38,496** | **38,515** | **43,368** | **47,655** | **46,231** | **47,939** | **47,888** |
| Weighted average # of shares (000's) | 107,758 | 109,788 | 125,521 | 125,870 | 135,636 | 137,642 | 137,734 | 137,160 |
| Working Capital | 7,557 | 10,416 | 11,110 | 7,760 | 11,763 | 8,630 | 9,655 | 6,417 |
| **Cash flows from:** | | | | | | | | |
| Operating activities | (157) | 60 | (155) | (1,729) | (903) | 1,612 | (1,658) | (673) |
| Financing activities | 30 | 7,007 | 12 | 2,431 | 3,291 | 3,109 | 2,320 | (5) |
| Investing activities | (3,525) | (4,872) | 642 | (2,444) | 617 | (7,400) | (374) | (973) |
| Net increase (decrease) in cash | (3,652) | 2,195 | 499 | (1,742) | 3,005 | (2,679) | 288 | (1,651) |

# CanAlaska Uranium Ltd.

(An Exploration Stage Company)

Consolidated Financial Statements

**April 30, 2009 and 2008**

(Prepared under Canadian GAAP and expressed in Canadian dollars, except where indicated)

# JAMES STAFFORD

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**Chartered Accountants**
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* Incorporated professional, James Stafford, Inc.

**Independent Auditors' Report**

**To the Shareholders of**
**CanAlaska Uranium Ltd.**

We have audited the consolidated balance sheets of **CanAlaska Uranium Ltd.** (the "Company") as at 30 April 2009 and 2008 and the related consolidated statements of loss, comprehensive loss and deficit and cash flows for each of the years in the two-year period ended 30 April 2009. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards and with the standards of the Public Company Accounting Oversight Board (United States of America). Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at 30 April 2009 and 2008 and the results of its operations and its cash flows for each of the years in the two-year period ended 30 April 2009 in accordance with Canadian generally accepted accounting principles.

As discussed in Note 2, the accompanying consolidated financial statements as at 30 April 2008 and for the year then ended have been restated.

The consolidated financial statements as at 30 April 2007 were audited by predecessor auditors who expressed an opinion without reservation on those statements in their report dated 15 August 2007.

*/s/ James Stafford*
**Chartered Accountants**

Vancouver, Canada

31 July 2009

# CanAlaska Uranium Ltd.

(An Exploration Stage Company)
Consolidated Balance Sheets
**As at April 30, 2009 and 2008**

(Expressed in Canadian dollars, except where indicated)

| | April 30 2009 $000's | April 30 2008 $000's (restated) |
|---|---|---|
| **Assets** | | |
| **Current assets** | | |
| Cash and cash equivalents (note 6) | 6,339 | 7,376 |
| Accounts receivable and prepaid expenses | 996 | 2,121 |
| Available-for-sale securities (note 7) | 276 | 882 |
| | 7,611 | 10,379 |
| **Reclamation bonds** | 317 | 711 |
| **Property and equipment** (note 8) | 827 | 887 |
| **Mineral property interests** (note 9) | 39,133 | 31,661 |
| | 47,888 | 43,638 |
| **Liabilities** | | |
| **Current liabilities** | | |
| Accounts payable and accrued liabilities | 1,194 | 2,619 |
| **Future income tax liability** (note 16) | 1,341 | 1,445 |
| | 2,535 | 4,064 |
| **Non-controlling interest** (note 4) | 7,600 | 3,600 |
| **Shareholders' equity** | | |
| Common shares (note 12) | 56,183 | 54,079 |
| Contributed surplus (note 12) | 7,940 | 5,392 |
| Accumulated other comprehensive income (note 14) | 9 | 166 |
| Deficit | (26,379) | (23,663) |
| | 37,753 | 35,974 |
| | 47,888 | 43,638 |

**Nature of operations** (note 1)
**Changes in accounting policy** (note 2)
**Commitments** (notes 9 and 17)
**Subsequent events** (note 22)

**Approved by the Board of Directors**

"Peter Dasler"
Director

"Emil Fung"
Director

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

# CanAlaska Uranium Ltd.

(An Exploration Stage Company)

Consolidated Statements of Loss, Comprehensive Loss, and Deficit

**For the years ended April 30, 2009 and 2008**

(Expressed in Canadian dollars, except where indicated)

| | 2009 ($000's) | 2008 ($000's) (restated) | 2007 ($000's) |
|---|---|---|---|
| **EXPENSED EXPLORATION COSTS** | | | |
| Net indirect exploration expenditures | 1,017 | 915 | - |
| Mineral property write-offs | 494 | 550 | 1,906 |
| Equipment rental income | (316) | (429) | - |
| Net option payments | (187) | (137) | (335) |
| | 1,008 | 899 | 1,571 |
| **OTHER EXPENSES** | | | |
| Consulting, labour & professional fees | 1,049 | 1,474 | 630 |
| Depreciation & amortization (note 8) | 232 | 188 | 75 |
| Foreign exchange gain | (193) | (28) | 93 |
| Insurance, licenses & filing fees | 61 | 212 | 187 |
| Interest income | (167) | (280) | (223) |
| Other corporate costs | 218 | 180 | 92 |
| Investor relations & presentations | 60 | 343 | 279 |
| Rent | 200 | 95 | 48 |
| Stock-based compensation (note 13) | 1,509 | 1,095 | 597 |
| Travel & accommodation | 80 | 212 | 147 |
| Write-down/loss (gain) on available-for-sale securities (note 7) | 394 | (149) | (30) |
| Management fees | (628) | (895) | (464) |
| | 2,815 | 2,447 | 1,431 |
| **Loss before income taxes** | 3,823 | 3,346 | 3,002 |
| Future income tax recovery (note 16) | (1,107) | (772) | (1,173) |
| **Loss for the year** | 2,716 | 2,574 | 1,829 |
| **Other comprehensive loss** | | | |
| Unrealized loss on available-for-sale securities (note 14) | 157 | 360 | - |
| **Comprehensive loss for the year** | 2,873 | 2,934 | 1,829 |
| Deficit-beginning of the year | (23,663) | (21,089) | (19,260) |
| Deficit-end of the year | (26,379) | (23,663) | (21,089) |
| **Basic and diluted loss per share ($ per share)** | $0.02 | $0.02 | $0.02 |
| **Weighted average common shares outstanding (000's)** | 137,160 | 117,043 | 86,920 |

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

# CanAlaska Uranium Ltd.

(An Exploration Stage Company)

Consolidated Statements of Cash Flows

**For the years ended April 30, 2009 and 2008**

(Expressed in Canadian dollars, except where indicated)

| | 2009<br>$000's | 2008<br>$000's<br>(restated) | 2007<br>$000's |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Net loss for the year | (2,716) | (2,574) | (1,829) |
| Items not affecting cash | | | |
| Available-for-sale securities write down (note 7) | 394 | (149) | (30) |
| Depreciation & amortization (note 8) | 232 | 188 | 75 |
| Future income tax recovery (note 16) | (1,107) | (772) | (1,173) |
| Mineral property write-offs | 494 | 550 | 1,906 |
| Net option payments | (187) | (137) | (335) |
| Other | 59 | (17) | - |
| Stock-based compensation (note 13) | 1,509 | 1,095 | 597 |
| | (1,322) | (1,816) | (789) |
| Change in non-cash operating working capital | | | |
| Decrease (increase) in accounts receivable & prepaids | 1,125 | (139) | (2,383) |
| Increase (decrease) in accounts payable & accruals | (1,425) | (26) | (113) |
| | (1,622) | (1,981) | (3,285) |
| **Cash flows from financing activities** | | | |
| Issuance of common shares (net of share issue costs) | 3,437 | 7,158 | 15,342 |
| Non-controlling interest | 5,278 | 2,322 | - |
| | 8,715 | 9,480 | 15,342 |
| **Cash flows from investing activities** | | | |
| Deferred exploration costs | (12,363) | (16,606) | (13,743) |
| Proceeds from available-for-sale securities | 59 | 198 | 58 |
| Property & equipment | (172) | (746) | (299) |
| Option payments received | 118 | 350 | 251 |
| Other | 343 | (33) | (561) |
| Reimbursed exploration costs | 3,885 | 6,638 | 5,565 |
| | (8,130) | (10,199) | (8,729) |
| **Increase (decrease) in cash and cash equivalents** | (1,037) | (2,700) | 3,328 |
| **Cash & cash equivalents - beginning of year** | 7,376 | 10,076 | 6,748 |
| **Cash & cash equivalents - end of year** | 6,339 | 7,376 | 10,076 |

**Supplemental cash flow information** (note 19)

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

(Expressed in Canadian dollars except where indicated)

## 1 Nature of Operations

CanAlaska Uranium Ltd. (the "Company" or "CanAlaska") and its subsidiaries are principally engaged in the exploration of uranium properties. The Company will attempt to 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 is considered to be in the exploration stage.

At April 30, 2009, the Company had cash and cash equivalents of $6.3 million (2008: $7.4m) (note 6) and working capital of $6.4 million (2008: $7.8m). Management believes that the cash on hand at April 30, 2009 is sufficient to meet corporate, administrative and exploration activities for the coming twelve months. Should management be successful in its forthcoming exploration programs it may either need to dilute its ownership in its properties or secure additional financing to continue to advance the development of its exploration projects.

## 2 Changes in Accounting Policy

**Canada-Korea Uranium Limited Partnership and CanAlaska Korea Uranium Limited**

During the fiscal year the Company reviewed its accounting policy in respect of the Canada-Korea Uranium Limited Partnership ("CKU Partnership") and CanAlaska Korea Uranium Limited ("CKUL"). Under the previous accounting treatment the Company proportionately consolidated the financial statements of CKU Partnership and CKUL.

Under Canadian Generally Accepted Accounting Principles ("GAAP") (Accounting Guideline 15 – Consolidation of Variable Interest Entities) the Company must reconsider its initial decision whether to consolidate or not whenever the CKU Partnership issues new variable interests. During the year, additional contributions totalling $4.0 million have been received from our partners. These contributions combined with the recent activity undertaken, suggest that the funds available are not sufficient to fully develop the property and has led the Company to apply the principles of Accounting Guideline 15 and fully consolidate the accounts of both the CKU Partnership and CKUL (note 4).

The Company has adopted this change retrospectively as is encouraged under Accounting Guideline 15 and therefore the consolidated balance sheet of the Company as at April 30, 2008 has been restated:

| | | |
|---|---|---|
| Increase (Debit) | Cash and cash equivalents | $211,770 |
| Increase (Debit) | Restricted cash | $12,846 |
| Decrease (Credit) | Accounts receivable | $(222,383) |
| Increase (Debit) | Mineral properties | $628,276 |
| Increase (Credit) | Future income tax liability | $(68,890) |
| Increase (Credit) | Non-controlling interest | $(3,600,000) |
| Decrease (Debit) | Contributed surplus | $3,194,713 |
| Increase (Credit) | Retained earnings | $(156,332) |

## 2 Changes in Accounting Policy (continued)

**Section 1535 – Capital Disclosures**

Effective May 1, 2008, the Company adopted Canadian Institute of Chartered Accountants ("CICA") Handbook Section 1535, Capital Disclosure. This section establishes standards for disclosing information about the Company's capital and how it is managed. Disclosures required by this standard are included in note 12.

**Section 1400 – General Standards of Financial Statement Presentation**

In June 2007, the CICA issued changes to Section 1400, General Standards of Financial Statement Presentation. Section 1400 has been amended to include requirements to assess and disclose an entity's ability to continue as a going concern. Management shall make an assessment of an entity's ability to continue as a going concern. When management is aware, in making its assessment, of material uncertainties related to events or conditions that may cast doubt upon the entity's ability to continue as a going concern, those uncertainties shall be disclosed. When financial statements are not prepared on a going concern basis, that fact shall be disclosed, together with the basis on which the financial statements are prepared and the reason why the entity is not regarded as a going concern. Section 1400 is effective for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2008. The adoption of this standard will have no impact on the Company's operating results or financial position and management expects that there will not be a material impact on the Company's consolidated financial statement disclosure.

**Section 3862 – Financial Instruments - Disclosures**

Effective May 1, 2008, the Company adopted CICA Handbook Section 3862, Financial Instruments - Disclosures. This section requires the Company to provide disclosure of quantitative and qualitative information in their financial statements that enable users to evaluate (a) the significance of financial instruments for the Company's financial position and performance; and (b) the nature and extent of risks arising from financial instruments to which the Company is exposed during the period and at the balance sheet date, and management's objectives, policies and procedures for managing such risks. Disclosures required by this standard are included in note 21.

**Section 3863 – Financial Instruments – Presentation**

Effective May 1, 2008, the Company adopted CICA Handbook Section 3863, Financial Instruments – Presentation. This section carries forward the presentation requirements for financial instruments of Section 3861. As there were no changes to the presentation requirements there was no impact on the consolidated financial statements.

## 3 Significant Accounting Policies

**Principles of consolidation**

The consolidated financial statements include the assets, liabilities and results of all entities controlled by the Company. The effects of transactions between entities on the consolidated group are eliminated. Where control of an entity is obtained during a financial year, its results are included in the consolidated statements of loss and deficit from the date on which control commences. Where control of an entity ceases during a financial year, its results are included for that part of the year during which control exists.

**Basis of consolidation**

These consolidated financial statements include the accounts of the Company's wholly-owned subsidiaries, CanAlaska Resources Ltd. USA (a Nevada company), CanAlaska West McArthur Uranium Ltd. (a B.C. company), Golden Fern Resources Limited (a New Zealand company) and Ravenstone Resource Ltd. (a B.C. company). The Company also follows Accounting Guideline 15 (note 2) and fully consolidates the assets, liabilities, revenues and expenses of CKU Partnership and CKUL. It recognizes the other Partners' ownership under the heading non-controlling interest. The Company also proportionately consolidates its interest in the Rise and Shine joint venture (a New Zealand joint venture).

**Estimates, risks and uncertainties**

The preparation of financial statements in conformity with Canadian GAAP requires management to make estimates and assumptions that affect the amounts reported, and disclosed in the financial statements and the accompanying notes. Actual results could differ from those estimates.

Realization of the Company's assets and liabilities is subject to risks and uncertainties, including reserve and resource estimation, future uranium and precious and base metal prices, estimated costs of future production, changes in government legislation and regulations, estimated future income taxes, and the availability of financing and various operational factors.

**Cash and cash equivalents**

Cash and cash equivalents comprise cash at banks, cash on hand and other short term investments with initial maturities at less than three months.

**Financial assets and liabilities**

Financial assets and liabilities are initially recognized at fair value and are subsequently measured based on their classification as held-to-maturity, loans and receivables, available-for-sale or held-for-trading. The classification is not changed subsequent to initial recognition.

## 3 Significant Accounting Policies (continued)

**Held-for-trading**

Financial assets and financial liabilities that are purchased and incurred with the intention of generating profits in the year term are classified as held-for-trading. These instruments are measured at fair value with the change in the fair value recognized in income.

**Available-for-sale securities**

Available-for-sale securities are reported at fair value based on quoted market prices. Unrealized gains and losses on available-for-sale securities are included in shareholders' equity as a component of other comprehensive income.

**Comprehensive income**

Comprehensive income is composed of the Company's earnings and other comprehensive income. Other comprehensive income includes unrealized gains and losses on available-for-sale securities, foreign currency translation gains and losses on the net investment in self-sustaining operations and changes in the fair market value of derivative instruments designated as cash flow hedges, all net of income taxes. Cumulative changes in other comprehensive income are included in accumulated other comprehensive income which is presented (if applicable) as a new category in shareholders' equity.

**Mineral properties and deferred exploration expenditures**

The Company is in the process of exploring its mineral properties and has not yet determined whether these properties contain ore reserves that are economically recoverable.

Mineral exploration and development costs are capitalized on an individual prospect basis until such time as an economic ore body is defined or the prospect is determined by management to be impaired or abandoned. Amounts received for the sale of resource properties, for option payments for exploration advances and for recovery of mineral property expenditures are treated as reductions of the cost of the property and payments in excess of capitalized costs are recognized in income.

The recoverability of the amounts capitalized for the undeveloped mineral properties is dependent upon the determination of economically recoverable ore reserves, confirmation of the Company's interest in the underlying mineral claims, the ability to obtain the necessary financing to complete their development, and future profitable production or proceeds from the disposition thereof.

## 3 Significant Accounting Policies (continued)

### Mineral properties and deferred exploration expenditures (continued)

Management of the Company regularly reviews the net carrying value of each mineral property. Where events or changes in circumstances suggest impairment, estimated future cash flows are calculated using estimated future prices, proven and probable reserves, value beyond proven and probable reserves, probability weighted outcomes and operating capital and reclamation costs on an undiscounted basis. If it is determined that the future cash flows are less than the carrying value, a write-down to the estimated fair value is expensed for the period. The Company presently has no proven or probable reserves. Where estimates of future net cash flows are not available and where other conditions suggest impairment, management assesses if carrying values can be recovered. If the carrying values exceed estimated recoverable values, then the project is written-down to estimated fair values with the write-down expensed in the period.

Management's estimates of future mineral prices, recoverable resources, initial and operating capital and reclamation costs are subject to certain risks and uncertainties that may affect the recoverability of mineral property costs. Although management has made its best estimate of these factors, it is possible that changes could occur that could adversely affect management's estimate of the net cash flows to be generated from its properties.

Title to mineral properties involves inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently unreliable conveyancing history characteristic of many mineral properties. The Company has investigated title to all of its mineral properties and, to the best of its knowledge, all of its properties are in good standing.

### Mineral exploration tax credits ("METC")

The Company recognizes METC amounts when the Company's METC application is approved by the relevant taxation authorities or when the amount to be received can be reasonably estimated and collection is reasonably assured.

### Asset retirement obligations

The Company recognizes the legal liability for obligations relating to retirement of property, plant, and equipment, and arising from the acquisition, construction, development, or normal operation of those assets. Such asset retirement cost are recognized at fair value, when a reasonable estimate of fair value can be estimated, in the period in which it is incurred, added to the carrying value of the related asset, and amortized into income on a systematic basis over the related assets useful life. The liability is adjusted for changes in the expected amounts and timing of cash flows required to discharge the liability and accreted to full value over time through periodic charges to earnings.

There are no asset retirement obligations as at April 30, 2009 and 2008.

## 3 Significant Accounting Policies (continued)

**Property and equipment**

Property and equipment are carried at cost less accumulated depreciation. The Company provides for depreciation on the following basis: Office equipment - 20% declining balance method; Automotive equipment - 30% declining balance method; Mining equipment - 30% declining balance method; and Leasehold improvements - straight-line method over the life of the lease.

**Income taxes**

The Company uses the asset and liability method of accounting for future income taxes. Under this method, future income tax assets and liabilities are recognized for temporary differences between the tax and accounting bases of assets and liabilities as well as for the benefit of losses available to be carried forward to future years. The amount of future tax assets recognized is limited to the amount that is more likely than not to be realized.

**Stock-based compensation**

All stock-based awards made to employees and non-employees are measured and recognized using a fair value based method. For employees, the fair value of the options is measured at the date of the grant. For non-employees, the fair value of the options is measured on the earlier of the date at which the counterparty performance is complete or the date the performance commitment is reached or the date at which the equity instruments are granted if they are fully vested and non-forfeitable. For employees and non-employees, the fair value of options is accrued and charged to operations, with the offsetting credit to contributed surplus, on a straight-line basis over the vesting period. If and when the stock options are ultimately exercised, the applicable amounts of contributed surplus are transferred to share capital.

**Loss per share**

Loss per share is calculated using the weighted average number of shares outstanding during the year. Diluted loss per share is calculated using the treasury stock method whereby all "in the money" options and warrants are assumed to have been exercised at the beginning of the period and the proceeds from the exercise are assumed to have been used to purchase common shares at the average market price during the period. Basic and diluted loss per share is the same as the effect of the exercise of outstanding options and warrants would be anti-dilutive.

**Foreign currency translation**

The accounts of the Company's foreign operations have been translated into Canadian dollars as follows:

Monetary assets and liabilities at year-end rates; All other assets and liabilities at historical rates; Revenue and expense and exploration and development items at the average rate of exchange prevailing during the year.

Exchange gains and losses arising from these translations are reflected in income or expense in the year that they occur.

## 3 Significant Accounting Policies (continued)

**Flow-through shares**

Canadian Income Tax Legislation permits an enterprise to issue securities referred to as flow-through shares, whereby the investor can claim the tax deductions arising from the renunciation of the related resource expenditures. Under Canadian GAAP, when resource expenditures are renounced to the investors and the Company has reasonable assurance that the expenditures will be completed, future income tax liabilities are recognized with a corresponding reduction in share capital.

If a Company has sufficient unused tax losses and deductions ("losses") to offset all or part of the future income tax liabilities and no future income tax assets have been previously recognized on such losses, a portion of such unrecognized losses (losses multiplied by the effective corporate tax rate) is recorded as income up to the amount of the future income tax liability that was previously recognized on the renounced expenditures.

The Company follows the recommendations of the Emerging Issues Committee ("EIC") of the CICA with respect to flow-through shares, as outlined in EIC-146. The application of EIC-146 requires the recognition of the foregone tax benefit on the date the Company renounces the tax credits associated with exploration expenditures, provided there is reasonable assurance that the expenditures will be made.

**Recent Accounting Pronouncements**

Goodwill and Other Intangible Assets:
The CICA issued CICA Handbook Section 3064 "Goodwill and Other Intangible Assets" which the Company will adopt, effective May 1, 2009. The new requirements of Section 3064 are for recognition, measurement, presentation and disclosure. Section 3064 replaces Section 3062, "Goodwill and Other Intangible Assets". The new standard establishes revised standards for the recognition, measurement, presentation and disclosure of goodwill and intangible assets. The new standard also provides guidance for the treatment of preproduction and start-up costs and requires that these costs be expensed as incurred. Management is currently assessing the impact of these new accounting standards on its consolidated financial statements.

Business Combinations:
In January 2009, the CICA issued Handbook Section 1582, "Business Combinations", which replaces Section 1581, "Business Combinations", and provides the equivalent to International Financial Reporting Standards ("IFRS") 3, "Business Combinations" (January 2008). The new Section expands the definition of a business subject to an acquisition and establishes significant new guidance on the measurement of consideration given, and the recognition and measurement of assets acquired and liabilities assumed in a business combination.

The new Section requires that all business acquisitions be measured at the full fair value of the acquired entity at the acquisition date even if the business combination is achieved in stages, or if less than 100 percent of the equity interest in the acquire entity is owned at the acquisition date. The measurement of equity consideration given in a business combination will no longer be based on the average of the fair value of the shares a few days before and after the day the terms and conditions have been agreed to and the acquisition announced, but rather at the acquisition date. Subsequent changes in fair value of contingent consideration classified as a liability will be recognized in earnings and not as an adjustment to the purchase price.

## 3 Significant Accounting Policies (continued)

### Recent Accounting Pronouncements (continued)

Business Combinations (continued):
Restructuring and other direct costs of a business combination are no longer considered part of the acquisition accounting. Instead, such costs will be expensed as incurred, unless they constitute the costs associated with issuing debt or equity securities.

The Section applies prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2011. Earlier adoption is permitted. This new Section will only have an impact on the consolidated financial statements for future acquisitions that will be made in periods subsequent to the date of adoption.

Consolidated Financial Statements and Non-Controlling Interests:
In January 2009, the CICA issued Handbook Section 1601, “Consolidated Financial Statements” and Section 1602, “Non-Controlling Interests”, which together replace Section 1600, “Consolidated Financial Statements”. These two Sections are the equivalent to the corresponding provisions of International Accounting Standard 27, “Consolidated and Separate Financial Statements” (January 2008). Section 1602 applies to the accounting for non-controlling interests and transactions with non-controlling interest holders in consolidated financial statements. The new Sections require that, for each business combination, the acquirer measure any non-controlling interest in the acquiree either at fair value or at the non-controlling interest’s proportionate share of the acquiree’s identifiable net assets. The new Sections also require non-controlling interest to be presented as a separate component of shareholders’ equity.

Under Section 1602, non-controlling interest in income is not deducted in arriving at consolidated net income or other comprehensive income. Rather, net income and each component of other comprehensive income, are allocated to the controlling and non-controlling interests based on relative ownership interests. These Sections apply to interim and annual consolidated financial statements relating to fiscal years beginning on or after 1 January 2011, and should be adopted concurrently with Section 1582. The Company is currently assessing the future impact of these new Sections on its consolidated financial statements.

International Financial Reporting Standards (“IFRS”):
In 2006, the Canadian Accounting Standards Board (“AcSB”) published a new strategic plan that will significantly affect financial reporting requirements for Canadian companies. The AcSB strategic plan outlines the convergence of Canadian GAAP with IFRS over an expected five year transitional period. In February 2008, the AcSB announced that 2011 is the changeover date for publicly-listed companies to use IFRS, replacing Canada’s own GAAP. The date is for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The transition date of January 1, 2011 will require the restatement for comparative purposes of amounts reported by the Company for the year ended April 30, 2011. While the Company has begun assessing the adoption of IFRS for 2011, the financial reporting impact of the transition to IFRS cannot be reasonably estimated at this time.

## 4 Interests in Variable Interest Entities

**CanAlaska Korean Uranium Joint Venture**

In December 2007, the Company formed a partnership, CKU Partnership, with Hanwha Corporation, Korea Electric Power Corporation, Korea Resources Corp., and SK Energy Co. Ltd. (together the "Korean Consortium") to develop the Cree East uranium exploration project ("Cree East"), which consists of approximately 56,000 hectares of dedicated contiguous mineral claims in a region known as the Athabasca Basin ("Athabasca"), located in the Canadian province of Saskatchewan.

Under the terms of agreements, the Korean Consortium will invest $19 million towards the earn-in of a 50% ownership interest in the CKU Partnership over a 4-year period. As of April 30, 2009, the Korean Consortium has contributed $7.6 million (April 30, 2008: $3.6m) and has a 29.6% interest (April 30, 2008: 17.4%) in the CKU Partnership.

The Company acts as the operator for the exploration project and earns a management fee of 10% of the exploration expenditures incurred. The following are the significant balances of the CKU Partnership that are included in CanAlaska's consolidated balance sheets:

| CKU Partnership | April 30, 2009 $000's | April 30, 2008 $000's (restated) |
|---|---|---|
| Cash (note 6) | 410 | 1,291 |
| Mineral property (note 10 (a)) | 7,936 | 4,230 |
| Non-controlling interest | 7,600 | 3,600 |

## 5 Rise and Shine Joint Venture

**Rise & Shine, New Zealand**

Rise & Shine is located 20km northeast of Cromwell, New Zealand and encompasses a number of historical high-grade underground gold mines in the Bendigo Gold field. Effective July 1, 2007, the Company has completed its earn-in requirements in a joint venture with Oceana Gold (New Zealand) Limited ("Oceana") (30%) and CanAlaska (70%). If either party elects to not to fund or only partially-fund their respective portion of a proposed budget then the defaulting party dilutes their equity in the joint venture down to a minimum of 15% at which point the relevant party's interest in the joint venture will revert to a 2% royalty on gold produced. As of April 30, 2009, CanAlaska's current interest is 72% and Oceana's interest is 28%.

In June 2009, the Company announced an agreement with Glass Earth Gold Ltd. ("Glass Earth"). The option agreement with Glass Earth is for the sale of a 70% ownership interest. In return Glass Earth shall perform detailed project evaluation and exploration on the Rise and Shine project, including 4,000 metres of drilling. Additional terms of the agreement include progressive cash payments of $13,000 and the issuance of 200,000 shares in Glass Earth to the Company over the course of the program (note 22).

## 5 Rise and Shine Joint Venture (continued)

### Rise & Shine, New Zealand (continued)

CanAlaska currently proportionately consolidates its 72% interest in Rise and Shine as at April 30, 2009 (note 11 (a)):

| | April 30, 2009 $000's | April 30, 2008 $000's |
|---|---|---|
| Mineral property | 324 | 301 |

## 6 Cash and Cash Equivalents

| | April 30, 2009 $000's | April 30, 2008 $000's (restated) |
|---|---|---|
| CKU Partnership funds | 410 | 1,291 |
| Option-in advances | 194 | 134 |
| Cash in bank and other short term deposits | 5,735 | 5,951 |
| **Total** | **6,339** | **7,376** |

The Company fully consolidates the cash held by CKU Partnership whose funds are held to fund the Cree East property (note 4). Option-in advances are advance cash funding by joint venture partners on various exploration properties.

## 7 Available-for-Sale Securities

| | | April 30, 2009 | | April 30, 2008 | |
|---|---|---|---|---|---|
| | Number of Shares | Adjusted Cost $000's | Market Value $000's | Adjusted Cost $000's | Market Value $000's |
| Pacific North West Capital Corp. | 846,800 | 34 | 89 | 269 | 314 |
| Westcan Uranium Corp. | 500,000 | 49 | 18 | 132 | 54 |
| Mega Uranium Ltd. | 50,000 | 104 | 99 | 95 | 45 |
| Other available-for-sale securities | 5,686,937 | 80 | 70 | 220 | 469 |
| **Total** | **7,083,737** | **267** | **276** | **716** | **882** |

During the fiscal year, the Company reviewed the carrying values of its available-for-sale securities, and in light of the economic circumstances considered that the decreases in market values were significant and provided evidence that the decline in the market value were other-than-temporary losses in value and recorded total write-downs on available-for-sale securities of $393,734.

During the fiscal year ended April 30, 2009 the Company sold 400,000 shares of Westcan Uranium Corp. It also transferred 200,000 shares of Pacific North West Capital Corp. and 100,000 shares of Freegold Ventures Ltd. to the former Chief Financial Officer ("CFO") as part of his termination package (notes 15 and 19).

## 7 Available-for-Sale Securities (continued)

An unrealized loss on available-for-sale securities of $157,000 (2008: $360,335) was recorded in other comprehensive loss for the year ended April 30, 2009.

## 8 Property & Equipment

| | April 30, 2009 | | | April 30, 2008 | | |
|---|---|---|---|---|---|---|
| | Cost $000's | Accumulated amortization $000's | Net $000's | Cost $000's | Accumulated amortization $000's | Net $000's |
| Office equipment | 417 | (261) | 156 | 370 | (217) | 153 |
| Leasehold improvements | 266 | (39) | 227 | 248 | (18) | 230 |
| Mining equipment | 923 | (535) | 388 | 816 | (392) | 424 |
| Automotive | 111 | (55) | 56 | 111 | (31) | 80 |
| **Total** | **1,717** | **(890)** | **827** | **1,545** | **(658)** | **887** |

During the fiscal year ended April 30, 2009, the Company had additions of $172,430 (2008: $768,450) and disposals of $- (2008: $22,380).

## 9 Mineral Property Interests

| | 2009 Fiscal Expenditures | | | | Life to Date - April 30, 2009 | | | |
|---|---|---|---|---|---|---|---|---|
| **Project ($000's)** | Acquisition Costs | Deferred Exploration | Writeoffs/ Reimburse | Total | Acquisition Costs | Deferred Exploration | Writeoffs/ Reimburse | Total |
| Athabasca (note 10) | 132 | 11,486 | (3,885) | 7,733 | 1,194 | 55,737 | (18,307) | 38,624 |
| Other interests (note 11) | 20 | 240 | (521) | (261) | 398 | 1,334 | (1,223) | 509 |
| **Total** | **152** | **11,726** | **(4,406)** | **7,472** | **1,592** | **57,071** | **(19,530)** | **39,133** |

| **(restated)** | 2008 Fiscal Expenditures | | | | Life to Date - April 30, 2008 | | | |
|---|---|---|---|---|---|---|---|---|
| **Project ($000's)** | Acquisition Costs | Deferred Exploration | Writeoffs/ Reimburse | Total | Acquisition Costs | Deferred Exploration | Writeoffs/ Reimburse | Total |
| Athabasca (note 10) | 102 | 21,604 | (7,827) | 13,879 | 1,062 | 44,251 | (14,422) | 30,891 |
| Other interests (note 11) | 359 | 553 | (513) | 399 | 378 | 1,094 | (702) | 770 |
| **Total** | **461** | **22,157** | **(8,340)** | **14,278** | **1,440** | **45,345** | **(15,124)** | **31,661** |

The Company holds approximately 1,166,000 hectares of mining claims in the Athabasca Basin located across the provinces of Alberta, Saskatchewan and Manitoba in Canada. The holdings are comprised of 23 projects which are in various stages of exploration and discovery.

## 9 Mineral Property Interests (continued)

| **Summary of option payments due**<br>**As at April 30, 2009**<br>**Fiscal Year Ended** | **Cash**<br>**$000's** | **Total**<br>**Spend[2]**<br>**$000's** | **Shares** |
|---|---|---|---|
| April 2010 | - | 600 | - |
| April 2011 | 80 | 1,400 | 100,000 |
| Thereafter | 80 | 4,000 | 100,000 |
| **Total due[1]** | **160** | **4,000** | **200,000** |

[1] Only considers payments paid during the fiscal year and not previous year's payments and issuances
[2] Represents cumulative spend required not spend per fiscal year

| **Summary of option payments receivable**<br>**As at April 30, 2009[1]**<br>**Fiscal Year Ended** | **Cash**<br>**$000's** | **Total**<br>**Spend[3]**<br>**$000's** | **Shares** |
|---|---|---|---|
| April 2009 (received) | 105 | - | 413,000 |
| April 2009 | 150 | 4,869 | - |
| April 2010 | 48 | 7,169 | 893,000 |
| April 2011 | 10 | 7,794 | 100,000 |
| April 2012 | 17 | 9,427 | 500,000 |
| Thereafter | 60 | 16,622 | 1,000,000 |
| **Total due[2]** | **390** | **16,622** | **2,906,000** |

[1] Excludes expenditures and payments on West McArthur (note 10 (b)) and Cree East (notes 4 and 10 (a))
[2] Only considers payments received during the fiscal year and not previous year's payments and issuances
[3] Represents cumulative spend required not spend per fiscal year. Subsequent to year end, Westcan was granted an extension to complete its work commitments which have not been included in the above table

## 10 Athabasca Mineral Property Interests

| | 2009 Fiscal Expenditures | | | | Life to Date-April 30, 2009 | | | |
|---|---|---|---|---|---|---|---|---|
| **Project ($000's)** | Acquisition Costs | Deferred Exploration | Writeoffs/ Reimburse | Total | Acquisition Costs | Deferred Exploration | Writeoffs/ Reimburse | Total |
| Cree East (a) | - | 3,706 | - | 3,706 | - | 7,936 | - | 7,936 |
| West McArthur (b) | 13 | 2,210 | (2,015) | 208 | 65 | 12,138 | (9,743) | 2,460 |
| Poplar (c) | - | 1,744 | (1,497) | 247 | 166 | 3,033 | (2,940) | 259 |
| Fond du Lac (d) | 29 | 1,524 | - | 1,553 | 120 | 1,737 | - | 1,857 |
| Black Lake (e) | 29 | 804 | - | 833 | 143 | 1,049 | - | 1,192 |
| Grease River (f) | - | 978 | (271) | 707 | 118 | 2,594 | (1,909) | 803 |
| Cree West (g) | - | 52 | (52) | - | 40 | 1,070 | (1,110) | - |
| Key Lake (h) | - | 51 | (50) | 1 | 24 | 1,012 | (1,035) | 1 |
| NE Wollaston (i) | - | 75 | - | 75 | 16 | 6,571 | - | 6,587 |
| Helmer (j) | - | 136 | - | 136 | 64 | 4,656 | - | 4,720 |
| Lake Athabasca (k) | 8 | 112 | - | 120 | 112 | 5,772 | - | 5,884 |
| Alberta (l) | - | 39 | - | 39 | 11 | 2,301 | - | 2,312 |
| Hodgson (m) | - | 6 | - | 6 | 44 | 1,200 | - | 1,244 |
| Arnold (n) | - | 11 | - | 11 | 35 | 1,237 | - | 1,272 |
| Other (o) | 53 | 38 | - | 91 | 236 | 3,431 | (1,570) | 2,097 |
| **Total** | **132** | **11,486** | **(3,885)** | **7,733** | **1,194** | **55,737** | **(18,307)** | **38,624** |

| **(Restated)** | 2008 Fiscal Expenditures | | | | Life to Date-April 30, 2008 | | | |
|---|---|---|---|---|---|---|---|---|
| **Project ($000's)** | Acquisition Costs | Deferred Exploration | Writeoffs/ Reimburse | Total | Acquisition Costs | Deferred Exploration | Writeoffs/ Reimburse | Total |
| Cree East (a) | - | 3,056 | - | 3,056 | - | 4,230 | - | 4,230 |
| West McArthur (b) | - | 3,645 | (3,794) | (149) | 52 | 9,928 | (7,728) | 2,252 |
| Poplar (c) | - | 1,250 | (1,443) | (193) | 166 | 1,289 | (1,443) | 12 |
| Fond du Lac (d) | - | 40 | - | 40 | 91 | 213 | - | 304 |
| Black Lake (e) | - | 142 | - | 142 | 114 | 245 | - | 359 |
| Grease River (f) | - | 1,547 | (1,473) | 74 | 118 | 1,616 | (1,638) | 96 |
| Cree West (g) | - | 396 | (395) | 1 | 40 | 1,018 | (1,058) | - |
| Key Lake (h) | - | 470 | (470) | - | 24 | 961 | (985) | - |
| NE Wollaston (i) | - | 1,601 | - | 1,601 | 16 | 6,496 | - | 6,512 |
| Helmer (j) | - | 3,366 | - | 3,366 | 64 | 4,520 | - | 4,584 |
| Lake Athabasca(k) | - | 3,283 | - | 3,283 | 104 | 5,660 | - | 5,764 |
| Alberta (l) | - | 741 | - | 741 | 11 | 2,262 | - | 2,273 |
| Hodgson (m) | - | 588 | - | 588 | 44 | 1,194 | - | 1,238 |
| Arnold (n) | - | 532 | - | 532 | 35 | 1,226 | - | 1,261 |
| Other (o) | 102 | 947 | (252) | 797 | 183 | 3,393 | (1,570) | 2,006 |
| **Total** | **102** | **21,604** | **(7,827)** | **13,879** | **1,062** | **44,251** | **(14,422)** | **30,891** |

## 10 Athabasca Mineral Property Interests (continued)

### a) Cree East, Saskatchewan – Korean Consortium (note 4)

During the fiscal year ended April 30, 2009, the Company spent $510,000 on camp cost & operations (Life to Date ("LTD"): $1,431,000); drilling $1,920,000 (LTD: $2,662,000); general and administration ("G&A") $120,000 (LTD: $187,000); geochemistry $67,000 (LTD: $367,000); geology $308,000 (LTD: $521,000); geophysics $220,000 (LTD: $1,521,000); management fees $324,000 (LTD: $594,000); and other expenses $237,000 (LTD: $653,000).

### b) West McArthur, Saskatchewan - Mitsubishi

West McArthur consists of approximately 36,000 hectares of mineral claims in the Athabasca, Saskatchewan. In April 2007, the Company optioned the claims to Mitsubishi Development Pty Ltd. ("Mitsubishi"). Mitsubishi may exercise its option to earn a 50% interest in the property by funding expenditures of $10 million by October 2009 ($9.7 million expended as of April 30, 2009) and making a $1 million payment upon completion of the funding requirement. Upon payment of the $1 million, a joint venture (50/50) will be formed. The Company acts as project operator and earns a fee (between 5% and 10%) based on the expenditures incurred. Upon the formation of the joint venture, Mitsubishi may elect to become the operator.

During the fiscal year ended April 30, 2009, the Company spent $333,000 on camp cost & operations (LTD: $2,104,000); drilling $697,000 (LTD: $4,689,000); G&A $555,000 (LTD: $1,694,000); geochemistry $27,000 (LTD: $230,000); geology $175,000 (LTD: $311,000); geophysics $209,000 (LTD: $2,395,000); and other expenses $227,000 (LTD: $780,000). During the fiscal year ended April 30, 2009, the Company received reimbursements of $2,015,000 (LTD: $9,743,000).

### c) Poplar, Saskatchewan – East Resources Inc.

Poplar consists of approximately 112,000 hectares of mineral claims in Athabasca. In October 2007, the Company optioned the claims to Mega Uranium Ltd. ("Mega"), subsequently terminated in December 2008, after Mega issued 50,000 shares and funded $2.8 million in expenditures. In June 2009, the Company announced that East Resources Inc. ("ERI") had executed a Memorandum of Understanding ("MOU") in respect of the Poplar property and that ERI had commenced their due diligence.

During the fiscal year ended April 30, 2009, the Company spent $425,000 on camp cost & operations (LTD: $640,000); G&A $115,000 (LTD: $293,000); geochemistry $127,000 (LTD: $127,000); geology $278,000 (LTD: $293,000); geophysics $670,000 (LTD: $1,660,000); and other expenses $129,000 (LTD: $186,000). During the fiscal year ended April 30, 2009, the Company received reimbursements of $1,497,000 (LTD: $2,940,000).

## 10 Athabasca Mineral Property Interests (continued)

### d) Fond Du Lac, Saskatchewan

In October 2006 (subsequently amended November 2008), the Company acquired from the Fond Du Lac Denesuline First Nations an option to earn a 49% interest in the Fond Du Lac property (comprising approximately 36,000 hectares) for total payments of $130,000 ($50,000 paid; June 2010: $40,000; June 2011: $40,000), the issuance of 300,000 shares (200,000 issued (note 12); June 2010: 50,000; June 2011: 50,000) and work commitments of $2 million (June 2011: $1.2m; June 2012: $2m). (As at April 30, 2009: $1.6 million incurred). Upon exercising its 49% option, a joint venture may be formed.

During the fiscal year ended April 30, 2009, the Company spent $347,000 on camp cost & operations (LTD: $349,000); drilling $385,000 (LTD: $385,000); G&A $37,000 (LTD: $103,000); geochemistry $81,000 (LTD: $81,000); geology $156,000 (LTD: $181,000); geophysics $337,000 (LTD: $452,000); option payments $29,000 (LTD: $117,000); and other expenses $181,000 (LTD: $189,000).

### e) Black Lake, Saskatchewan

In December 2006, the Company optioned the Black Lake property comprising approximately 38,000 hectares located in Saskatchewan from the Black Lake Denesuline First Nations. To earn a 49% interest in the property, the Company, must make payments of $130,000 ($50,000 paid; July 2010: $40,000; July 2011: $40,000), issue 300,000 shares (200,000 issued (note 12); July 2010: 50,000; July 2011: 50,000) and incur exploration expenditures of $2 million ($1.0m incurred; July 2010: $0.7m; July 2011: $1.2m; July 2012: $2m). Upon exercising its 49% option, a joint venture may be formed.

During the fiscal year ended April 30, 2009, the Company spent $155,000 on camp cost & operations (LTD: $159,000); drilling $172,000 (LTD: $172,000); G&A $27,000 (LTD: $89,000); geochemistry $38,000 (LTD: $41,000); geology $148,000 (LTD: $194,000); geophysics $141,000 (LTD: $283,000); option payments $29,000 (LTD: $123,000); and other expenses $123,000 (LTD: $131,000).

### f) Grease River, Saskatchewan

Grease River is comprised of approximately 82,000 hectares of mineral claims located in Athabasca. The property was previously optioned to Uranium Prospects Plc (terminated June 2009 - note 22) whereby they had made cash payments of $225,000, issued 1.5 million shares and reimbursed exploration expenditures at $1.6 million.

During the fiscal year ended April 30, 2009, the Company spent $88,000 on camp cost & operations (LTD: $565,000); drilling $46,000 (LTD: $46,000); G&A $125,000 (LTD: $339,000); geochemistry $22,000 (LTD: $111,000); geology $567,000 (LTD: $1,105,000); geophysics $Nil (LTD: $244,000); and other expenses $130,000 (LTD: $303,000). During the fiscal year ended April 30, 2009, the Company had reimbursements of $271,000 (LTD: $1,909,000).

## 10 Athabasca Mineral Property Interests (continued)

### g) Cree West, Saskatchewan – Westcan Uranium

Cree West is comprised of approximately 13,000 hectares of mineral claims located in the south-east of Athabasca. In April 2006, the Company optioned the claims to Westcan Uranium Corp. ("Westcan") (formerly International Arimex Resources Inc.). Westcan may earn a 50% interest in the property by making payments of $150,000 (received), issuing 600,000 shares (issued) and making exploration expenditures of $3.6 million before May 2009 ($0.8m completed). Subsequent to year end, the Company granted Westcan an extension to meet its exploration expenditures obligations (note 22).

Westcan may acquire an additional 10% interest by spending an additional $4 million and a further 15% interest by completing a feasibility study within 2 years, issuing 400,000 additional common shares, and spending a minimum of $1 million per year. The Company acts as the project operator until Westcan has a vested 60% interest. Upon commercial production, the Company will receive a 3% net smelter royalty.

During the fiscal year ended April 30, 2009, the Company spent $Nil on camp cost & operations (LTD: $158,000); G&A $47,000 (LTD: $287,000); geochemistry $Nil (LTD: $102,000); geology $4,000 (LTD: $117,000); geophysics $Nil (LTD: $290,000); and other expenses $1,000 (LTD: $156,000). During the fiscal year ended April 30, 2009, the Company received reimbursements of $52,000 (LTD: $1,110,000).

### h) Key Lake, Saskatchewan – Westcan Uranium

Key Lake is comprised of approximately 6,000 hectares of mineral claims located in the south-east of Athabasca. In March 2006, the Company optioned the claims to Westcan. Westcan can earn a 50% interest by making payments of $150,000 (received), issuing 300,000 shares (received) and completing work commitments of $2 million by May 2009 ($0.9m completed). Subsequent to year end, the Company granted Westcan an extension to meet its exploration expenditures obligations (note 22).

Westcan may elect to acquire an additional 10% interest by spending an additional $2 million and a further 15% interest by completing a feasibility study, issuing to the Company 200,000 additional common shares, and spending a minimum of $500,000 per year. The Company acts as project operator until Westcan has a vested 60% interest. Upon commercial production, the Company will receive a 3% net smelter royalty.

During the fiscal year ended April 30, 2009, the Company spent $1,000 on camp cost & operations (LTD: $252,000); drilling $(7,000) (LTD: $427,000); G&A $40,000 (LTD: $114,000); geochemistry $3,000 (LTD: $8,000); geology $11,000 (LTD: $47,000); geophysics $Nil (LTD: $139,000); and other expenses $3,000 (LTD: $49,000). During the fiscal year ended April 30, 2009, the Company received reimbursements of $50,000 (LTD: $1,035,000).

## 10 Athabasca Mineral Property Interests (continued)

### i) NE Wollaston, Saskatchewan-Manitoba

This property straddles the Saskatchewan-Manitoba border and consists of approximately 154,000 hectares. In December 2008, the Company announced the execution of a MOU with ERI whereby ERI may earn a 40% interest by undertaking a minimum of 100,000 metres of diamond drilling within 5 years. ERI may earn a 70% interest by undertaking a minimum of 50,000 metres of diamond drilling and successfully completing a feasibility study for a minimum economic reserve of 15 million pounds $U_3O_8$ and fully-financing the costs of mine construction. ERI may earn an 80% interest by undertaking a minimum of 50,000 metres of diamond drilling, successfully completing a feasibility study for a minimum economic reserve of 35 million pounds $U_3O_8$ and fully-financing the costs of mine construction. ERI may also earn an additional 15% interest to hold a cumulative 95% ownership by granting to CanAlaska a 5% gross revenue royalty from the production and sale of minerals. The MOU carries an exclusivity provision of 90 days (subsequently extended until May 1, 2009), during which CanAlaska and ERI will finalize a definitive agreement. In June 2009, due to continual delays in the award of exploration permits by the Manitoba Government due to aboriginal consultations, both CanAlaska and ERI agreed to initiate their cooperation by first conducting exploration in Saskatchewan, specifically the Poplar project (note 10(c)).

During the fiscal year ended April 30, 2009, the Company spent $(1,000) on camp cost & operations (LTD: $1,362,000); drilling $Nil (LTD: $373,000); G&A $11,000 (LTD: $696,000); geochemistry $Nil (LTD: $797,000); geology $45,000 (LTD: $2,303,000); geophysics $4,000 (LTD: $905,000); and other $16,000 (LTD: $151,000).

### j) Helmer, Saskatchewan

This block mineral claims lies in the north-central part of the Athabasca Basin, southeast of Uranium City and to the west of Fond du Lac and is comprised of approximately 55,000 hectares of mining claims.

During the fiscal year ended April 30, 2009, the Company spent $10,000 on camp cost & operations (LTD: $980,000); drilling $Nil (LTD: $1,175,000); G&A $55,000 (LTD: $735,000); geochemistry $1,000 (LTD: $101,000); geology $25,000 (LTD: $333,000); geophysics $34,000 (LTD: $878,000); and other expenses $11,000 (LTD: $518,000).

### k) Lake Athabasca, Saskatchewan

Lake Athasbasca comprises approximately 49,000 hectares of mineral claims located primarily on Lake Athabasca, southwest of Uranium City, Saskatchewan.

During the fiscal year ended April 30, 2009, the Company spent $18,000 on camp cost & operations (LTD: $1,820,000); drilling $1,000 (LTD: $1,056,000); G&A $18,000 (LTD: $634,000); geochemistry $23,000 (LTD: $94,000); geology $34,000 (LTD: $327,000); geophysics $7,000 (LTD: $1,662,000); and other expenses $19,000 (LTD: $291,000).

## 10 Athabasca Mineral Property Interests (continued)

### l) Alberta, Alberta

Alberta comprises approximately 97,000 hectares of mineral claims covering most of the Alberta section of Lake Athabasca. During the fiscal year ended April 30, 2009, the Company spent $19,000 on camp cost & operations (LTD: $275,000); drilling $Nil (LTD: $1,000); G&A $3,000 (LTD: $189,000); geochemistry $Nil (LTD: $7,000); geology $3,000 (LTD: $12,000); geophysics $8,000 (LTD: $1,761,000); and other expenses $6,000 (LTD: $67,000).

### m) Hodgson, Saskatchewan

Hodgson comprises approximately 30,000 hectares of mineral claims west of the Cigar Lake Mine, Saskatchewan. During the fiscal year ended April 30, 2009, the Company spent $1,000 on camp cost & operations (LTD: $111,000); G&A $2,000 (LTD: $367,000); geochemistry $Nil (LTD: $159,000); geology $3,000 (LTD: $22,000); geophysics $Nil (LTD: $458,000); and other expenses $Nil (LTD: $127,000).

### n) Arnold, Saskatchewan

Arnold comprises approximately 24,000 hectares of contiguous minerals claims located west of the producing McArthur River mine, Saskatchewan. During the fiscal year ended April 30, 2009, the Company spent $Nil on camp cost & operations (LTD: $123,000); G&A $1,000 (LTD: $411,000); geochemistry $7,000 (LTD: $92,000); geology $1,000 (LTD: $25,000); geophysics $- (LTD: $510,000); and other expenses $2,000 (LTD: $111,000).

### o) Other Properties

Include the Waterbury, McTavish, Moon, Camsell, Carswell, and Ford claim blocks.

Waterbury comprises approximately 6,000 hectares of mineral claims located north of the Cigar Lake mine in Saskatchewan. In December 2007, an option on the property was terminated by a third party after the Company received payments of $75,000, 200,000 shares and $2.1 million had been spent on the property. McTavish comprises approximately 16,000 hectares of mineral claims lying southeast of the McArthur River mine in Saskatchewan and northwest of the Key Lake Mine. Moon comprises approximately 4,000 hectares of mineral claims lying in two separate blocks between the McArthur River and Key Lake mines and is subject to a 3% third-party Net Smelter Return (“NSR”).

Camsell is comprised of approximately 10,000 hectares of mineral claims located northeast of the Maurice Bay uranium deposit, and west of Uranium City, on the northern edge of Lake Athabasca. Carswell is comprised of approximately 13,000 hectares of mineral claims in the vicinity of Cluff Lake, Saskatchewan. Ford is comprised of approximately 10,000 hectares of mineral claims located in the South East of Athabasca Basin adjacent to the Cree East Project.

## 11 Other Mineral Property Interests

| Project ($000's) | 2009 Fiscal Expenditures Acquisition Costs | Deferred Exploration | Writeoffs/ Reimburse | Total | Life to Date - April 30, 2009 Acquisition Costs | Deferred Exploration | Writeoffs/ Reimburse | Total |
|---|---|---|---|---|---|---|---|---|
| Rise & Shine, NZ (a) | - | 23 | - | 23 | 301 | 422 | (399) | 324 |
| Reefton & Other NZ Projects (b) | 1 | 190 | (481) | (290) | 24 | 588 | (481) | 131 |
| Other Projects, Various (c) | 19 | 27 | (40) | 6 | 73 | 324 | (343) | 54 |
| **Total** | **20** | **240** | **(521)** | **(261)** | **398** | **1,334** | **(1,223)** | **509** |

| (restated) Project ($000's) | 2008 Fiscal Expenditures Acquisition Costs | Deferred Exploration | Writeoffs/ Reimburse | Total | Life to Date - April 30, 2008 Acquisition Costs | Deferred Exploration | Writeoffs/ Reimburse | Total |
|---|---|---|---|---|---|---|---|---|
| Rise & Shine, NZ (a) | 301 | 399 | (399) | 301 | 301 | 399 | (399) | 301 |
| Reefton & Other NZ Projects (b) | 4 | 140 | - | 144 | 23 | 398 | - | 421 |
| Other Projects, Various (c) | 54 | 14 | (114) | (46) | 54 | 297 | (303) | 48 |
| **Total** | **359** | **553** | **(513)** | **399** | **378** | **1,094** | **(702)** | **770** |

### (a) Rise and Shine, New Zealand

In June 2009, the Company announced an agreement with Glass Earth (note 22). The option agreement with Glass Earth is for the sale of a 70% ownership interest. In return Glass Earth shall perform detailed project evaluation and exploration on the Rise and Shine project, including 4,000 metres of drilling. Additional terms of the agreement include progressive cash payments of $13,000 and the issuance of 200,000 shares in Glass Earth to the Company over the course of the program.

CanAlaska currently proportionately consolidates its 72% interest in Rise and Shine as at April 30, 2009 (note 5).

### (b) Reefton & Other New Zealand Projects

In February 2009, Kent Exploration Inc. ("Kent") entered into a 5-year option agreement to acquire a 70% interest in the Reefton Project, in South Island, New Zealand. Under the option agreement, $5,000 was paid on execution and $3,500,000 in exploration expenditures on the project over the five year option period, with $100,000 in immediate exploration expenditures, $1,150,000 of expenditures to be made before the end of the third anniversary of the option agreement, $2,250,000 of expenditures to be made before the end of the fifth anniversary of the option agreement and, the issuance of 2,000,000 Kent common shares, of which 500,000 common shares are to be issued on or before the end of the first anniversary of the Agreement, 500,000 on or before the third anniversary of the option agreement and 1,000,000 on or before the end of the fifth anniversary of the option agreement.

The road-accessible property, encompassing approximately 14,060 ha (34,743 acres), is located in the historic Reefton gold fields, off NZ State Highway 7, with the property extending from approximately 3 km to 20 km south-west of the town of Reefton, South Island, New Zealand.

## 11 Other Mineral Property Interests (continued)

### (b) Reefton & Other New Zealand Projects (continued)

During the year, the Company dropped its Granite Dome and Greymouth permits and therefore recorded mineral property write-downs of $0.2 million. The Company also wrote down its Mt. Mitchell claims ($0.3 million) and did not renew its prospecting permit on this property subsequent to year end. During 2009, the Company issued 10,000 shares for property access rights in NZ (note 12).

### (c) Other Projects, Various

Include the Kasmere, Misty, Rainbow Hill, Glitter Lake, Elliot Lake, and Voisey's Bay projects.

Kasmere comprises approximately 266,000 hectares under license application adjacent to NE Wollaston. In December 2008, the Company acquired an adjacent claim block from Santoy Resources. The Company acquired Mineral Lease 209B in Manitoba from Santoy Resources Ltd. on December 11, 2008 for 40,000 in common shares (note 12), 500,000 warrants exercisable over one year at an exercise price of $0.50 (note 12) and a 2% NSR. Mineral Lease 209B is situated in the middle of the Company's Kasmere claim block.

The Misty project covers approximately 53,000 hectares and is located in Manitoba adjacent to the southern boundary of the NE Wollaston project..

On May 23, 2008, the Company optioned the Misty property to Great West Minerals Group Ltd. ("Great Western"). Great Western may exercise its option to earn a 51% interest in the property by making payments of $100,000 (from grant of licence $10,000; $10,000 in each of subsequent 4 years and then $50,000 in year 6), issuing shares of 200,000 (100,000 on grant of licence and 100,000 on 1st anniversary) and making exploration expenditures of $6 million ($150,000 on 1st anniversary, $100,000 on proceeding 3 anniversaries; $2.6m on 5th anniversary and $3m on 6th anniversary). The Company will act as the operator of the project until Great Western has a vested 51% interest, at which time Great Western may become the operator. The Company is currently awaiting the grant of exploration permits by the Government of Manitoba, which have been delayed due to aboriginal consultations.

Rainbow Hill comprises 12 unpatented federal lode mining claims in the Valdez Creek Mining District, Talkeetna Recording District, Alaska, U.S.A. This property is optioned to District Gold Inc. ("District Gold") under which District Gold may earn a 60% interest by making payments of $150,000 ($37,500 paid), 200,000 shares (100,000 issued) and completing exploration expenditures of $1.5 million. District Gold may earn a total 75% interest by completing a feasibility study.

Glitter Lake comprised certain mineral claims prospective for nickel and platinum located near Glitter Lake, Quebec. In January, 2009, the company transferred ownership of Glitter Lake to fulfill its office lease obligation. CanAlaska retained a ½% NSR.

Voisey's Bay, located in Labrador, Newfoundland, comprises two blocks claims, VBE-1 and VBE-2. Both properties are jointly-held with Columbia Yukon Explorations Inc.

## 12 Share Capital

The Company has an unlimited amount of authorized common shares without par value. As of April 30, 2009, the Company had 137,783,650 (2008: 125,869,814) shares issued and outstanding.

| | **Number of shares 000's** | **Shares $000's** | **Contributed surplus $000's** |
|---|---|---|---|
| Opening balance – May 1, 2007 | 107,698 | 48,864 | 3,153 |
| Share issuances | | | |
| Cash | 18,162 | 7,377 | - |
| Non-cash | 10 | 4 | - |
| Warrant issuances | | | |
| Cash | - | - | - |
| Non-cash | - | (766) | 766 |
| Share issuance expenses | | | |
| Cash | - | (238) | - |
| Non-cash | - | - | 20 |
| Transfer on stock option exercise | - | 109 | (109) |
| Flow-through FIT Impact | - | (1,271) | - |
| Compensation expense | - | - | 1,562 |
| Closing balance – April 30, 2008 (restated) | 125,870 | 54,079 | 5,392 |
| Share issuances | | | |
| Cash | 11,223 | 3,712 | - |
| Non-cash | 691 | 194 | - |
| Warrant issuances | | | |
| Cash | - | - | - |
| Non-cash | - | (371) | 385 |
| Share issuance expenses | | | |
| Cash | - | (205) | - |
| Non-cash | - | (248) | 28 |
| Transfer on stock option exercise | - | 25 | (25) |
| Flow-through FIT impact (note 3) | - | (1,003) | - |
| Compensation expense | - | - | 2,160 |
| **Closing Balance – April 30, 2009** | **137,784** | **56,183** | **7,940** |

For the fiscal year ended April 30, 2009, the weighted average number of common shares outstanding was 137,160,228 (2008: 117,043,232).

## 12 Share Capital (continued)

### Share issuances

During the 2009 fiscal year, 300,000 options (2008: 870,100) were exercised (note 13). In February 2009, the Company issued 10,000 shares for property access rights in NZ (note 11(b)). In February 2009, the Company renounced its expenditures in respect of the flow-through units (renounced on May 29, 2008) and as required under Canadian GAAP, recognized the future income tax liability and decreased share capital by $1.0 million.

In December 2008, the Company issued 40,000 common shares under the Kasmere option agreement (note 11(c)). In September 2008, the Company issued 100,000 common shares respectively for the Black Lake and Fond du Lac properties (notes 10 (d) and (e)).

On May 29, 2008, the Company issued 10,922,660 flow-through units for gross proceeds of $3.7 million (notes 3 and 6). Each unit consists of one flow-through common share and one-half of one non-transferable share purchase warrant. Each whole warrant entitles the holder to purchase one additional flow-through common share or, at the election of the investor, one non flow-through common share for a period of two years from the closing date at a price of $0.50 per warrant share. A finder's fee of $179,000 in cash, 441,176 common shares and 345,589 warrants were issued in connection with the financing. Each warrant entitles the holder to purchase one additional common share of the Company at an exercise price of $0.50 per share for a period of two years from the closing date.

In October 2007, the Company issued 7,660,877 flow-through units for gross proceeds of $3,600,612. Each flow-through unit consists of one common share and one-half non-flow-through share purchase warrant. Each warrant entitles the holder to purchase an additional common share at a price of $0.55 for a period of 12 months from closing. In addition, the Company issued 7,629,968 units for gross proceeds of $2,899,388. Each unit consists of one common share and one-half common share purchase warrant. Each warrant entitles the holder to purchase an additional common share at a price of $0.48 for a period of 12 months from closing. The Company issued 160,000 Agent warrants as a finder's fee. Each agent warrant entitles the holder to purchase one additional common share of the Company for a period of twelve months from the date of closing at a price of $0.48 per share.

In September 2007, the Company issued 1,111,111 flow-through units for gross proceeds of $500,000. Each flow-through unit consists of one common share and one-half flow-through share purchase warrant. Each warrant entitles the holder to purchase an additional common share at a price of $0.52 for a period of 12 months from closing. The Company paid a $25,000 finders fee.

### Capital disclosure

The Company considers its common shares, options and warrants as capital. As the Company is in the exploration stage its principal source of funds is from the issuance of common shares. It is the Company's objective to safeguard its ability to continue as a going concern, so that it can continue to explore and develop its projects for the benefit of its stakeholders.

## 13 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 27,500,000 common shares of the Company may be allotted and reserved for issuance under the stock option plan.

| | **Number of options 000's** | **Weighted average exercise price $** |
|---|---|---|
| Outstanding - May 1, 2008 | 16,899 | 0.46 |
| Granted | 7,230 | 0.16 |
| Cancelled | - | - |
| Exercised (note 12) | (300) | 0.10 |
| Expired | (172) | 0.25 |
| Forfeited | (2,285) | 0.45 |
| **Outstanding – April 30, 2009** | **21,372** | **0.36** |

| | **Number of options 000's** | **Weighted average exercise price $** |
|---|---|---|
| Outstanding - May 1, 2007 | 10,795 | 0.45 |
| Granted | 8,394 | 0.43 |
| Cancelled | - | - |
| Exercised | (870) | 0.19 |
| Expired | (1,420) | 0.47 |
| Forfeited | - | - |
| **Outstanding – April 30, 2008** | **16,899** | **0.46** |

As at April 30, 2009, the following stock options were outstanding:

| | **Number of options outstanding 000's** | **Exercise price $** | **Expiry date (April 30)** |
|---|---|---|---|
| | 1,078 | $0.10 - $0.58 | 2010 |
| | 2,743 | $0.35 - $0.45 | 2011 |
| | 3,383 | $0.50 - $0.74 | 2012 |
| | 7,194 | $0.40 - $0.70 | 2013 |
| | 6,974 | $0.12 - $0.40 | 2014 |
| **Total** | **21,372** | | |

Stock options vest over various time periods. As at April 30, 2009, 11,687,041 stock options were vested and exercisable.

For the year ended April 30, 2009, total stock-based compensation expense was $2.2 million (2008: $1.6m; 2007: $0.8m) of which $0.7m was capitalized (2008: $0.5m; 2007: $0.2m).

## 13 Share Stock Options and Warrants (continued)

### Warrants

| | Number of warrants 000's | Weighted average exercise price $ |
|---|---|---|
| Outstanding - May 1, 2008 | 12,380 | 0.57 |
| Granted (note 12) | 6,307 | 0.50 |
| Cancelled | - | - |
| Exercised | - | - |
| Expired | (12,380) | 0.57 |
| Forfeited | - | - |
| **Outstanding – April 30, 2009** | **$6,307** | **0.50** |

| | Number of warrants 000's | Weighted average exercise price $ |
|---|---|---|
| Outstanding - May 1, 2007 | 12,162 | 0.67 |
| Granted | 8,360 | 0.52 |
| Cancelled | - | - |
| Exercised | (890) | 0.12 |
| Expired | (7,252) | 0.74 |
| Forfeited | - | - |
| **Outstanding – April 30, 2008** | **12,380** | **0.57** |

In May 2008, 5,461,329 warrants were issued in connection with a flow-through unit offering (note 12). In addition, 345,589 warrants were issued as finders fees (note 12).

In December 2008, the Company issued 500,000 warrants at $0.50 for the Kasmere property (note 11(c)).

At April 30, 2009, the following warrants were outstanding:

| | Number of warrants outstanding 000's | Exercise price $ | Expiry date Fiscal year end |
|---|---|---|---|
| | 500 | $0.50 | 2010 |
| | 5,807 | $0.50 | 2011 |
| **Total** | **6,307** | | |

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. The following assumptions were used in the Black-Scholes option pricing model to calculate the compensation expense:

## 13 Share Stock Options and Warrants (continued)

| | **Warrants** | **Options** |
|---|---|---|
| Risk-free interest rate | 1.2% to 3.2% | 1.4% to 4.6% |
| Options expected life | 1 year | 2.8 to 5 years |
| Expected volatility | 74% to 135% | 76% to 135% |
| Expected dividend | 0% | 0% |

## 14 Accumulated Other Comprehensive Income

| | **April 30, 2009 $000's** | **April 30, 2008 $000's** |
|---|---|---|
| Opening balance | 166 | - |
| Transition adjustment | - | 526 |
| Unrealized loss on available-for-sale securities (note 7) | (157) | (360) |
| **Closing balance** | **9** | **166** |

## 15 Related Party Transactions

| | **2009 $000's** | **2008 $000's** | **2007 $000's** |
|---|---|---|---|
| Management fees to a company controlled by the former Chairman | - | 171 | 111 |
| Rent to a company controlled by the former Chairman | - | - | 23 |
| Consulting fees to a company controlled by the President | - | - | 85 |
| Consulting fees to a company controlled by the former Corporate Secretary | - | 16 | 31 |
| Engineering and consulting fee to the Vice-President Exploration | 185 | 194 | - |
| Consulting fees to the Vice-President Corporate Development and director | - | 115 | 55 |
| Accounting fees to a company controlled by the former Chief Financial Officer | 60 | 39 | 34 |

The Company had an office lease agreement from the former Chairman of the Company, this lease agreement was terminated in March 2009.

The Company had previously paid consulting fees to the President and a former Corporate Secretary. Consulting fees are no longer charged by the President and Chief Executive Officer as he is now a salaried employee.

The VP Exploration currently provides his services through a consulting company and is therefore disclosed above. In addition, during the year, the consulting company of the VP exploration provided additional geological services of $9,900 (on an arms' length basis) which is included in the total above. The Vice-President Corporate Development previously billed his services via a consulting arrangement, he is now a salaried employee.

The former CFO had billed his time through a consulting company. Included within the accounting fees for the year ended April 30, 2009 is $24,000 for the fair value of shares transferred (notes 7 and 19) as part of his termination package.

## 15 Related Party Transactions (continued)

All transactions were conducted on an arms' length basis.

Effective February 2005, each outside director is entitled to receive $500 per month, $500 per directors meeting and $500 per committee meeting. During the year, $71,572 (2008: $45,645) has been paid/accrued to directors. At year end, $10,326, (2008: $22,510) is owing to directors. This is due on demand and non-interest bearing.

## 16 Income Tax

| | 2009 | | 2008 | |
|---|---|---|---|---|
| | $000's | % | $000's (restated) | % |
| Loss before tax | 3,823 | 100% | 3,346 | 100% |
| Income taxes at statutory rates | 1,170 | 31% | 1,035 | 31% |
| Non-deductible expenses | (586) | (15%) | (583) | (17%) |
| Unrecognized tax losses | 523 | 14% | 320 | 9% |
| **Taxation recovery** | **1,107** | **30%** | **772** | **23%** |

The significant components of the Company's future income tax liability are as follows:

| | 2009 $000's | 2008 $000's (restated) |
|---|---|---|
| Mineral property interest | 9,783 | 9,814 |
| Operating losses carried forward, net of valuation allowance | (1,737) | (1,502) |
| Canadian development expenditures | (683) | (1,624) |
| Canadian exploration expenditure | (5,282) | (4,051) |
| Foreign resource pools | (443) | (779) |
| Share issuance costs | (201) | (231) |
| Capital assets | (96) | (182) |
| **Net future income tax liability** | **1,341** | **1,445** |

The Company has incurred non-capital losses of approximately $8,620,000. They may be carried forward and used to reduce taxable income of future years in the countries indicated. These losses will expire as follows:

| ($000's) | Canada | New Zealand | United States | Total |
|---|---|---|---|---|
| **Expiry Date- Fiscal Year End** | | | | |
| 2010 | 343 | - | - | 343 |
| 2013 | - | - | 10 | 10 |
| 2014 | 422 | - | 46 | 468 |
| 2015 | 979 | - | 1 | 980 |
| Thereafter | 4,656 | 929 | 1,234 | 6,819 |
| **Total** | **6,400** | **929** | **1,291** | **8,620** |

## 16 Income Tax (continued)

During the year, flow-through shares totalling $3.7 million (2008 - $4.1 million) were issued, which funds are required to be spent on certain Qualifying Canadian Exploration Expenditures (note 12). As the Company no longer has the ability to use the expenditures for tax purposes, the Company is required to record a future tax liability which is equal to the renunciation, times the corporation tax rate when expenditures are renounced. This amounted to $1.0 million (2008 - $1.3 million). However, the Company can utilize previously unrecognized future income tax assets to offset the liability to the extent available. As at April 30, 2009, the Company had $1.1 million (2008: $0.8 million) in future income tax assets to apply. The excess future income tax liability of $1.3 million (2008: $1.4 million) has been recorded in the consolidated financial statements.

## 17 Commitments

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

| Fiscal Year Ending | Total $000's |
|---|---|
| 2010 | 209 |
| 2011 | 199 |
| 2012 | 84 |
| 2013 | 7 |
| 2014 | 1 |
| Thereafter | 4 |
| | **504** |

The Company has outstanding and future commitments under mineral properties option agreements to pay cash and/ or issue common shares of the Company (note 10).

## 18 Geographic Segmented Information

| April 30, 2009 ($000's) | Canada | U.S.A. | New Zealand | Total |
|---|---|---|---|---|
| Non-current Assets | 39,816 | 3 | 458 | 40,277 |
| Assets | 47,359 | 4 | 525 | 47,888 |
| Loss for the Year | 2,450 | 2 | 264 | 2,716 |

| April 30, 2008 (restated) ($000's) | Canada | U.S.A. | New Zealand | Total |
|---|---|---|---|---|
| Non-current Assets | 32,537 | - | 722 | 33,259 |
| Assets | 42,790 | - | 848 | 43,638 |
| Loss for the Year | 2,163 | 5 | 406 | 2,574 |

## 18 Geographic Segmented Information (continued)

| April 30, 2007 ($000's) | Canada | U.S.A. | New Zealand | Total |
|---|---|---|---|---|
| Non-current Assets | 18,420 | - | 956 | 19,376 |
| Assets | 32,181 | - | 1,026 | 33,207 |
| Loss for the Year | 260 | 1,238 | 331 | 1,829 |

## 19 Supplemental Cash Flow Information

During the year the Company had the following non-cash investing and financing activities.

| | 2009 $000's | 2008 $000's | 2007 $000's |
|---|---|---|---|
| Shares issued for mineral properties | 44 | 4 | 149 |
| Shares received for mineral properties | (27) | (154) | (254) |
| Capitalized stock-based compensation | 651 | 467 | 744 |
| Fair value of agents warrants included in share issuance costs | (41) | 19 | 60 |
| Fair value of shares included in share issuance costs | 132 | - | 100 |
| Mineral property disposal for rent settlement | 36 | - | - |
| Available-for-sale disposal for non-cash consideration (notes 7 and 15) | 24 | - | - |

Cash and cash equivalents comprise the following:

| | 2009 $000's | 2008 $000's (restated) |
|---|---|---|
| Cash on hand and balances in bank | 810 | 5,376 |
| Short term deposits | 5,529 | 2,000 |
| **Total** | **6,339** | **7,376** |

## 20 Differences between Canadian and United States Generally Accepted Accounting Principles ("GAAP")

These consolidated financial statements are prepared in accordance with accounting principles generally accepted in Canada ("Canadian GAAP"). The United States Securities and Exchange Commission ("SEC") requires that financial statements of foreign companies contain a reconciliation presenting the statements on the basis of accounting principles generally accepted in the United States ("US GAAP"). Any differences in accounting principles as they pertain to the accompanying consolidated financial statements are not material, except as follows:

## 20 Differences between Canadian and United States Generally Accepted Accounting Principles ("GAAP") (continued)

a) US GAAP requires that mineral property exploration and land use costs must be expensed as incurred, until commercially mineable deposits are determined to exist within a particular property. Accordingly, for US GAAP purposes, for all periods presented, the Company has expensed all land use costs for mineral properties and deferred exploration costs, which have been incurred by the Company, for which commercially mineable revenues do not exist. Under Canadian GAAP, such costs have been deferred. For Canadian GAAP, cash flows relating to mineral property exploration and land use costs are reported as investing activities. For US GAAP, these costs would be characterized as operating activities.

b) US GAAP requires that stock-based compensation expense is recorded for shares held in escrow which become eligible for release, at the market value of the shares at that time. Under Canadian GAAP, no value is attributed to such shares released and no compensation expense is recorded. Shares previously held in escrow were performance shares which were issued to certain directors who reorganized the Company's business affairs and raised financing sufficient to fund the Company's business plan.

c) US GAAP requires available-for-sale securities to be recorded at market value. There was no comprehensive income category in Canada prior to the adoption of CICA 3835, "Financial Instruments - Recognition and measurement" and CICA 1530, "Comprehensive Income" in 2008. Therefore a difference exists for the year ended April 30, 2007.

d) Under Canadian GAAP a premium to market on the issuance of flow-through shares would be recorded in share capital. For US GAAP purposes, Statement of Financial Accounting Standards ("SFAS") 109, "Accounting for Income Taxes", the proceeds should be allocated between the offering of the shares and the sale of tax benefits when the shares are offered. The allocation is made based on the difference between the quoted price of the shares and the amount the investor pays for the flow-through shares. A future tax liability is recognized for the premium paid by the investors and is then recognized as a future income tax recovery in the period of renunciation.

For Canadian GAAP purposes, the Company records a future income tax liability and a corresponding reduction of share capital in respect of flow-through share financing. For US GAAP purposes no such entry is recorded.

e) Under Canadian GAAP, investments in joint ventures are accounted for using the proportionate consolidation method. Under US GAAP, investments in joint ventures are accounted for using the equity method. The different accounting treatment affects only the display and classification of financial statement items and not net earnings or shareholders' equity. As allowed under the SEC rules applicable to Form 20-F, no adjustment has been made for this difference.

f) Under US GAAP, funds raised from the issuance of flow-through shares, which have not yet been disbursed on qualifying exploration expenditures, would be disclosed as restricted cash and excluded from current assets. Accordingly, cash and cash equivalents under US GAAP would be reduced by $Nil at April 30, 2009, $Nil at April 30, 2008, and $Nil at April 30, 2007.

## 20 Differences between Canadian and United States Generally Accepted Accounting Principles ("GAAP") (continued)

g) The impact of the above differences between Canadian and US GAAP on the reported assets of the Company is as follows:

| **Asset reconciliation** | **2009 $000's** | **2008 $000's (restated)** | **2007 $000's** |
|---|---|---|---|
| Total assets under Canadian GAAP | 47,888 | 43,638 | 33,207 |
| Write-off of mineral exploration costs (note a) | (38,550) | (31,132) | (17,885) |
| Fair value adjustment on available-for-sale investments (note c) | - | - | 526 |
| **Total assets under US GAAP** | **9,338** | **12,506** | **15,848** |

h) The impact of the above differences between Canadian and US GAAP on loss for the period is as follows:

| **Loss reconciliation** | **2009 $000's** | **2008 $000's (restated)** | **2007 $000's** |
|---|---|---|---|
| **Net loss under Canadian GAAP** | 2,716 | 2,574 | 1,829 |
| **Add (deduct)** | | | |
| Mineral property write-offs (note a) | 7,418 | 13,247 | 7,481 |
| Premium on flow-through shares (note d) | (135) | (158) | (35) |
| Future income tax recovery (note d) | 1,107 | 772 | 1,173 |
| **Primary loss under US GAAP** | **11,106** | **16,435** | **10,448** |
| **Primary loss per share under US GAAP** | **$0.08** | **$0.14** | **$0.12** |
| Other comprehensive loss (note c) | 157 | 360 | (20) |
| **Comprehensive loss under US GAAP** | **11,263** | **16,795** | **10,428** |

i) The impact of the above differences between Canadian and US GAAP on the deficit, common shares and contributed surplus as reported, is as follows:

| **Deficit reconciliation** | **2009 $000's** | **2008 $000's (restated)** | **2007 $000's** |
|---|---|---|---|
| Deficit under Canadian GAAP | 26,379 | 23,663 | 21,089 |
| Performance share adjustment (note b) | 443 | 443 | 443 |
| Cumulative mineral property write-offs, net of future income taxes (note a) | 38,518 | 30,633 | 16,939 |
| Cumulative premium on flow-through shares (note d) | (328) | (193) | (35) |
| Future income tax recovery (note d) | 6,364 | 5,361 | 4,089 |
| **Deficit under US GAAP** | **71,376** | **59,907** | **42,525** |

## 20 Differences between Canadian and United States Generally Accepted Accounting Principles ("GAAP") (continued)

| Contributed surplus reconciliation | 2009 $000's | 2008 $000's (restated) | 2007 $000's |
|---|---|---|---|
| Contributed surplus under Canadian GAAP | 7,940 | 5,392 | 3,153 |
| Performance shares adjustment (note b) | 443 | 443 | 443 |
| **Contributed surplus under US GAAP** | **8,383** | **5,835** | **3,596** |

| Common shares reconciliation | 2009 $000's | 2008 $000's | 2007 $000's |
|---|---|---|---|
| Common shares under Canadian GAAP | 56,183 | 54,079 | 48,864 |
| Premium on flow-through shares (note d) | (328) | (192) | (35) |
| Flow-through shares FIT Adjustment (note d) | 6,364 | 5,361 | 4,089 |
| **Common shares under US GAAP** | **62,219** | **59,248** | **52,918** |

There are no material measurement differences between Canadian and US GAAP for Accumulated Other Comprehensive Income.

j) The impact of the above differences between Canadian and US GAAP on the consolidated statements of cash flows, as reported, is as follows:

| Cash flow reconciliation | 2009 $000's | 2008 $000's (restated) | 2007 $000's |
|---|---|---|---|
| Operating cash flow under Canadian GAAP | (1,622) | (1,981) | (3,285) |
| Mineral property exploration expenditures (note a) | (7,081) | (10,028) | (7,961) |
| **Operating cash flow under US GAAP** | **(8,703)** | **(12,009)** | **(11,246)** |
| Investing cash flow under Canadian GAAP | (8,130) | (10,199) | (8,729) |
| Mineral property exploration expenditures (note a) | 7,081 | 10,028 | 7,961 |
| Flow-through funds realized from previous year | - | - | 2,599 |
| **Investing cash flow under US GAAP** | **(1,049)** | **(171)** | **1,831** |
| **Financing cash flow under Canadian and US GAAP** | **8,715** | **9,480** | **15,342** |
| Cash and cash equivalents under Canadian GAAP and US GAAP | 6,339 | 7,376 | 10,076 |

## 20 Differences between Canadian and United States Generally Accepted Accounting Principles ("GAAP") (continued)

k) New Accounting Pronouncements

In June 2009, the FASB issued SFAS No. 168, "The FASB Accounting Standards Codification and Hierarchy of Generally Accepted Accounting Principles- a replacement of FASB Statement No. 162". SFAS No. 162 had intended to improve financial reporting by identifying a consistent framework, or hierarchy, for selecting accounting principles to be used in preparing financial statements that are presented in conformity with USGAAP for nongovernmental entities. Prior to the issuance of SFAS No. 162, GAAP hierarchy was defined in the American Institute of Certified Public Accountants ("AICPA") Statement on Auditing Standards No. 69, The Meaning of Present Fairly in Conformity with Generally Accepted Accounting Principles ("SAS No. 69"). SAS No. 69 has been criticized because it is directed to the auditor rather than the entity. SFAS No. 162 addressed these issues by establishing that the GAAP hierarchy should be directed to entities because it is the entity, not its auditor, which is responsible for selecting accounting principles for financial statements that are presented in conformity with GAAP. SFAS No. 162 is effective 60 days following the SEC's approval of the Public Company Accounting Oversight Board Auditing amendments to AU Section 411, The Meaning of Present Fairly in Conformity with Generally Accepted Accounting Principles.

In October 2008, FASB issued FASB Staff Position ("FSP") No. FAS 157-3, "Determining the fair value of a financial asset when the market for that asset is not active", which clarifies the application of SFAS No. 157 in a market that is not active and provides key considerations in determining the fair value of the financial asset. FSP No. FAS 157-3 is effective upon issuance, including prior periods for which financial statements have not been issued. Revisions resulting from a change in the valuation technique or its application shall be accounted for as a change in accounting estimate. The adoption of this standard for US GAAP purposes did not affect the Company's consolidated financial statements.

EITF 07-05 – Whether an instrument or embedded feature is indexed to an entity's own stock states that a company is required to assess whether an equity instrument, denominated in a currency other than its own measurement currency, is a derivative financial instrument or an embedded derivative. This standard is effective for interim and annual financial statements beginning on or after December 15, 2008. Early adoption is prohibited. The Company will adopt EITF 07-05 for US GAAP purposes on May 1, 2009 and does not expect that the adoption of this standard for US GAAP purposes will have a material effect on its consolidated financial statements.

In May 2008, the Financial Accounting Standards Board (the "FASB") issued SFAS No. 163, "Accounting for Financial Guarantee Insurance Contracts – an interpretation of FASB Statement No. 60" ("SFAS No. 163"). SFAS No. 163 provides enhanced guidance on the recognition and measurement to be used to account for premium revenue and claim liabilities and related disclosures and is limited to financial guarantee insurance (and reinsurance) contracts, issued by enterprises included within the scope of FASB Statement No. 60, Accounting and Reporting by Insurance Enterprises. SFAS No. 163 also requires that an insurance enterprise recognize a claim liability prior to an event of default when there is evidence that credit deterioration has occurred in an insured financial obligation. SFAS No. 163 is effective for financial statements issued for fiscal years and interim periods beginning after December 15, 2008, with early application not permitted. The Company does not expect SFAS No. 163 to have an impact on its consolidated financial statements.

## 20 Differences between Canadian and United States Generally Accepted Accounting Principles ("GAAP") (continued)

k) New Accounting Pronouncements

SFAS No. 168 will be the source of authoritative US GAAP recognized by FASB, once the codification is in effect, all of its content will carry the same level of authority, effectively superseding SFAS No. 162, in establishing the GAAP hierarchy to include only two levels of GAAP: authoritative and nonauthoritative. SFAS No. 168 is effective for financial statements issued for interim and annual periods ending after September 15, 2009. The Company does not expect SFAS No.162 to have a material effect on its consolidated financial statements.

In May 2008, the FASB issued FASB FSP Accounting Principles Board Opinion No. 14-1, "Accounting for Convertible Debt Instruments That May Be Settled in Cash upon Conversion (Including Partial Cash Settlement)". FSP No. 14-1 requires issuers of convertible debt instruments that may be settled in cash to separately account for the liability and equity components in a manner that will reflect the entity's nonconvertible debt borrowing rate when interest cost is recognized in periods subsequent to adoption. Upon adoption of FSP No. 14-1, the Company will allocate a portion of the proceeds received from the issuance of convertible notes between a liability and equity component by determining the fair value of the liability component using the Company's non-convertible debt borrowing rate. The difference between the proceeds of the notes and the fair value of the liability component will be recorded as a discount on the debt with a corresponding offset to paid-in-capital. The resulting discount will be accreted by recording additional non-cash interest expense over the expected life of the convertible notes using the effective interest rate method. The provisions of FSP No. 14-1 are to be applied retrospectively to all periods presented upon adoption and are effective for fiscal years beginning after December 15, 2008 and interim periods within those fiscal years. Management has not determined the effect that adopting this statement would have on the Company's financial position, cash flows and results of operations.

In April 2008, the FASB issued FSP No. FAS 142-3, "Determination of the Useful Life of Intangible Assets". In determining the useful life of intangible assets, FSP FAS No. 142-3 removes the requirement to consider whether an intangible asset can be renewed without substantial cost of material modifications to the existing terms and conditions and, instead, requires an entity to consider its own historical experience in renewing similar arrangements. FSP FAS No. 142-3 also requires expanded disclosure related to the determination of intangible asset useful lives. FSP FAS No. 142-3 is effective for financial statements issued for fiscal years beginning after December 15, 2008. Management has not determined the effect that adopting this statement would have on the Company's financial position, cash flows or results of operations.

## 20 Differences between Canadian and United States Generally Accepted Accounting Principles (“GAAP”) (continued)

k) New Accounting Pronouncements (continued)

In March 2008, the FASB issued SFAS No. 161, “Disclosures about Derivative Instruments and Hedging Activities”. SFAS No. 161 is intended to improve financial reporting about derivative instruments and hedging activities by requiring enhanced disclosures to enable investors to better understand their effects on an entity's financial position, financial performance, and cash flows. SFAS No. 161 achieves these improvements by requiring disclosure of the fair values of derivative instruments and their gains and losses in a tabular format. It also provides more information about an entity's liquidity by requiring disclosure of derivative features that are credit risk-related. Finally, it requires cross-referencing within footnotes to enable financial statement users to locate important information about derivative instruments. SFAS No. 161 will be effective for financial statements issued for fiscal years and interim periods beginning after November 15, 2008, will be adopted by the Company beginning in the first quarter of fiscal 2010. The Company does not expect there to be any significant impact of adopting SFAS No. 161 on its financial position, cash flows and results of operations.

In December 2007, the FASB issued SFAS No. 160, “Non-controlling Interest in Consolidated Financial Statements, an amendment of ARB No. 51” which will change the accounting and reporting for minority interests, which will be re-characterized as non-controlling interests and classified as a component of equity within the consolidated balance sheets. SFAS No. 160 is effective as of the beginning of an entity’s first fiscal year beginning on or after December 15, 2008. Earlier adoption is prohibited. The Company does not expect there to be any significant impact of adopting SFAS No. 160 on its financial position, cash flows or results of operations.

In December 2007, the FASB issued SFAS No. 141 (Revised 2007), “Business Combinations”. SFAS No. 141(R) will change the accounting for business combinations. Under SFAS No. 141(R), an acquiring entity will be required to recognize all the assets acquired and liabilities assumed in a transaction at the acquisition-date fair value with limited exceptions. SFAS No. 141(R) will change the accounting treatment and disclosure for certain specific items in a business combination. SFAS No. 141(R) applies prospectively to business combinations for which the acquisition date is on or after the beginning of the entity’s first annual reporting period beginning on or after December 15, 2008. Accordingly, any business combinations completed by the Company prior to June 1, 2009 will be recorded and disclosed following existing GAAP. The Company does not expect there to be any significant impact of adopting SFAS No. 141(R) on its financial position, cash flows or results of operations.

**International Financial Reporting Standards**

In November 2008, the SEC issued for comment a proposed roadmap regarding potential use of financial statements prepared in accordance with IFRS as issued by the International Accounting Standards Board. Under the proposed roadmap, the Company would be required to prepare financial statements in accordance with IFRS in fiscal year 2014, including comparative information also prepared under IFRS for fiscal 2013. The Company is currently assessing the potential impact of IFRS on its consolidated financial statements and will continue to follow the proposed roadmap for future developments.

## 21 Financial Instruments

### Fair Values

As at April 30, 2009, the Company's carrying values of cash and cash equivalents, accounts receivable, and accounts payable and accrued liabilities approximate their fair values due to their short term to maturity.

The Company's cash and cash equivalents approximate their fair value.

Cash and cash equivalents are designated as held-for-trading. The Company has financial assets classified as available-for-sale.

The Company has recorded its available-for-sale securities at current market value through either permanent impairment or revaluation through other comprehensive income.

### Credit Risk

Financial instruments that potentially subject the Company to credit risk consist of cash and cash equivalents and accounts receivable. The Company deposits cash and cash equivalents with high credit quality financial institutions as determined by rating agencies.

### Currency Risk

The Company maintains a majority of its cash and cash equivalents in Canadian dollars and also incurs a majority of its expenditures in Canadian dollars and therefore, has a minimal exposure to foreign currency fluctuation.

### Interest Rate Risk

Included in the loss for the year in these financial statements is interest income on Canadian and U.S. dollar cash and cash equivalents. If interest rates throughout the year had been 10 basis points (0.1%) lower (higher) then net loss would have been $7,000 lower ($7,000 higher).

### Liquidity Risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with its financial liabilities. The Company is reliant upon equity issuances and funding from its strategic partners as its two sources of cash. The Company manages liquidity risk by maintaining an adequate level of cash and cash equivalents to meet its ongoing obligations. The Company continuously reviews its actual expenditures and forecast cash flows and matches the maturity dates of its cash equivalents to capital and operating needs. The Company has been successful in raising equity financing in the past; however, there is no assurance that it will be able to do so in the future (note 1).

## 22 Subsequent Events

Subsequent to the year ended April 30, 2009, the following events occurred:

**Collins Bay Extension**

In July 2009, the Company executed an Option Agreement with Bayswater Uranium Corporation ("Bayswater") to commence exploration of the Collins Bay Extension uranium project, situated directly adjacent to, and following the North-East strike of the past-producing uranium mines at Rabbit Lake and Collins Bay, and the current producing uranium mine at Eagle Point in the Province of Saskatchewan. The project contains a significant number of exploration targets within the Snowbird and Fife Island areas.

Under the terms of the option agreement, CanAlaska shall act as the exploration operator and may earn a 51% participating interest in the project by undertaking a minimum of $4 million in exploration expenditures within 5 years and issuing a total of 500,000 Company shares to Bayswater over this period. The Company may increase its participating interest in the project to a 70% level by successfully undertaking a further $2 million in exploration expenditures over a period of 3 years.

**Rise and Shine Joint Venture**

In June 2009, the Company reached an agreement with Glass Earth on the Rise and Shine Project (note 5).

**Poplar Project**

In June 2009, the Company announced that ERI had executed a MOU in respect of the Poplar property (note 10(c)).

**Grease River**

In June 2009, the Company terminated its agreement with Uranium Prospects Plc. In respect of the Grease River property (note 10(f))

**Westcan Extension**

Subsequent to year end, the Company granted Westcan an extension to its work commitments on Cree West and Key Lake (notes 10(g) and (h)).

**Cree East Funding**

On July 31, 2009, the Company received $0.9 million from its Korean Consortium for the 2009 Summer exploration program at Cree East.

## 23 Comparative Figures

Certain comparative figures have been adjusted to conform to the current year's presentation.