



# CanAlaska Uranium Ltd.

CVV - TSX.V CVVUF - OTCBB DH7 – Frankfurt

## Management Discussion and Analysis For the First Quarter and Three Months Ended July 31, 2009

**Dated September 25, 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](http://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 unaudited consolidated financial statements for the three months ended July 31, 2009.

### Table of Contents:

<b>1.</b>	<b>OVERVIEW OF THE COMPANY .....</b>	<b>2</b>
<b>2.</b>	<b>MILESTONES AND PROJECT UPDATES .....</b>	<b>3</b>
<b>3.</b>	<b>FINANCIAL POSITION .....</b>	<b>15</b>
<b>4.</b>	<b>EXPENDITURES REVIEW .....</b>	<b>17</b>
<b>5.</b>	<b>CASHFLOW REVIEW .....</b>	<b>18</b>
<b>6.</b>	<b>OUTLOOK .....</b>	<b>19</b>
<b>7.</b>	<b>OTHER MATTERS .....</b>	<b>19</b>
<b>8.</b>	<b>SUMMARY OF FINANCIAL POSITION AND PERFORMANCE .....</b>	<b>22</b>

*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 \$1.6 million for three months ended July 31, 2009 in the Athabasca Basin
- ✓ \$0.9 million in funding provided from Korean Partners for the Cree East project (\$8.5m funded of \$19m)
- ✓ Over 23 projects covering 1,148,000 hectares focused on Uranium (section 1.1)
- ✓ Cash resources of \$5.1m (as at July 31, 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 (September 24, 2009)

### 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 September 24, 2009, the Company had 143,660,414 shares outstanding with a total market capitalization of \$27.3 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		70,000
Helmer		55,000
Hodgson		30,000
Kasmere		266,000
Key	Ventured with Westcan Uranium	6,000
Lake Athabasca		41,000
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.	77,000
Waterbury		6,000
West McArthur	Ventured with Mitsubishi Dev. Pty	36,000
<b>TOTAL</b>	<b>23 Projects</b>	<b>1,148,000</b>

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 the Black Lake, Fond Du Lac and Collins Bay Extension projects.

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 gold project and a 100% interest in the Reefton gold project in New Zealand

## 1.2 Cash and Financing

As of July 31, 2009 the Company had cash and cash equivalents of \$5.1 million (April 30, 2009: \$6.3m). The Company's working capital position as at July 31, 2009 was \$ 5.2 million (April 30, 2008: \$6.4m).

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 July 31, 2009, the Korean Consortium and Mitsubishi have funded \$8.5 million out of a total of \$19 million and \$9.8 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 in these challenging economic times. CanAlaska has also been conscious to maintain a reasonable treasury and is continually evaluating all of its projects. CanAlaska's recent partnering 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 one or more high grade uranium deposits.

The Company is an exploration enterprise and will, at some point, need to seek additional financings either through equity offerings or the formation of additional strategic partnerships to advance its projects.

## 2. MILESTONES AND PROJECT UPDATES

### 2.1 Overview – May 1, 2009 to September 25, 2009

- Closed Private Placements of \$1.0 million (August 2009)
- MOU with ERI on the Poplar project (June 2009) and commencement of exploration (August 2009)
- Intercepted 40.4 metres of uranium mineralization in basements rocks at Fond Du Lac (August 2009)
- Kodiak options CanAlaska's McTavish property (August 2009)
- Cree East funding from our Korean Consortium (\$0.9 million) for summer exploration program (July 2009)
- Option agreement for CanAlaska to explore Collins Bay Extension (July 2009)

In September 2009, CanAlaska reported assay results from its August 2009 drill program at Fond Du Lac which included the results from hole FDL017. Hole FDL017 returned 40.4 metres averaging 0.32% U<sub>3</sub>O<sub>8</sub>, including 6 metres averaging 1.13% U<sub>3</sub>O<sub>8</sub> with individual values of half-metre samples grading up to 3.77% U<sub>3</sub>O<sub>8</sub>. For a complete understanding of the assays results from this drill program reference should be made to the Company's news release dated September 22, 2009.

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 million 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; \$0.6 million Expenditures and 50,000 Kodiak Shares by the first anniversary of the Effective Date; a further \$0.8 million Expenditures and 50,000 Kodiak Shares on or prior to the second anniversary of the Effective Date; a further \$1.2 million Expenditures and 50,000 Kodiak



Shares on or prior to the third anniversary of the Effective Date; a further \$1.4 million 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 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 June 2009, due to continual delays in the award of exploration permits by the Government of Manitoba resulting from aboriginal consultations, East Resources Inc ("ERI") and CanAlaska agreed 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, along with CanAlaska personnel commenced geological mapping and prospecting on five target areas at Poplar.

## **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 the first three months of fiscal 2010 (May 1, 2009 to July 31, 2009) spent \$1.6 million on exploration in the Athabasca Basin. Of these expenditures, approximately 32% (\$0.5 million) was spent on the Cree East project that was funded through the Company's strategic relationship with the Korean Consortium. The Company has spent \$0.5 million and \$0.4 million of its own funds in advancing both the Fond Du Lac and Black Lake projects respectively.

Exploration spending in the first quarter of 2010 is significantly down from the fourth quarter of 2009, as historically the Company has spent the summer months interpreting data and preparing for its winter programs. Notwithstanding, this quarter the Company undertook a summer exploration program focussed on Geophysics at Cree East and drill tested both the Fond Du Lac and Black Lake projects.



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.

<b>Table 2: (\$000's)</b> <b>Total Deferred Exploration</b>	<b>Quarterly</b>							
	<b>Q208</b>	<b>Q308</b>	<b>Q408</b>	<b>Q109</b>	<b>Q209</b>	<b>Q309</b>	<b>Q409</b>	<b>Q110</b>
Camp Cost & Operations	2,232	482	1,805	415	488	338	663	154
Drilling	783	202	1,457	157	1,239	58	1,759	418
General & Admin	200	481	1,586	185	745	113	442	117
GeoChemistry	643	127	124	89	166	77	75	24
Geology	788	268	304	682	521	235	328	241
GeoPhysics	2,162	1,245	1,662	322	658	205	457	466
Other	709	168	355	145	146	568	342	309
<b>Gross Expenditures</b>	<b>7,517</b>	<b>2,973</b>	<b>7,293</b>	<b>1,995</b>	<b>3,963</b>	<b>1,594</b>	<b>4,066</b>	<b>1,729</b>
Reimbursement	(2,855)	(1,775)	(1,461)	(1,474)	(1,233)	(468)	(710)	(91)
<b>Net Expenditures</b>	<b>4,662</b>	<b>1,198</b>	<b>5,832</b>	<b>521</b>	<b>2,730</b>	<b>1,126</b>	<b>3,356</b>	<b>1,638</b>

### 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 uranium 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 July 31, 2009, the Korean Consortium has contributed \$8.5 million towards exploration of the project and holds a 31.9% ownership interest in both CanAlaska Korea Uranium Ltd. and the Canada-Korea Uranium Limited Partnership. 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.

<b>Table 3: (\$000's)</b> <b>Cree East Project</b>	<b>Quarterly</b>								
	<b>Q208</b>	<b>Q308</b>	<b>Q408</b>	<b>Q109</b>	<b>Q209</b>	<b>Q309</b>	<b>Q409</b>	<b>Q110</b>	<b>LTD</b>
Camp Cost & Operations	309	40	236	28	126	88	268	8	1,439
Drilling	-	8	734	9	983	20	908	-	2,662
General & Admin	-	5	5	5	13	33	69	37	224
GeoChemistry	169	22	8	17	5	16	29	5	372
Geology	32	17	32	6	70	85	147	27	548
GeoPhysics	445	480	14	7	199	-	14	361	1,882
Management Fees	-	170	103	7	141	25	151	45	639
Other	128	-	-	1	17	97	122	40	693
<b>Net Expenditures</b>	<b>1,083</b>	<b>742</b>	<b>1,132</b>	<b>80</b>	<b>1,554</b>	<b>364</b>	<b>1,708</b>	<b>523</b>	<b>8,459</b>

Drill programs started on the project in late February 2008 (Q408) and large zones of alteration were intercepted. Drilling recommenced in mid-August 2008 (Q209) and up to October 31, 2008, 2,681 metres had been drilled. The Q209 drill program (2,620 metres) demonstrated the presence of several zones of faulting and alteration 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 Q409, fifteen drill holes were completed (6,512 metres) 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. In Q110, the Company embarked on a further \$0.9 million program of geophysics investigation, comprising hi-resolution airborne magnetic, close-spaced airborne VTEM (4,368 kilometres) and ground TDEM surveys. The targeting data received from these surveys will be used to guide winter 2009/2010 drilling efforts. In Q110, the Company also ran 40 kilometres of Induced Polarization (“IP”) resistivity surveys.

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 July 31, 2009, Mitsubishi Development has contributed \$9.8 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								
	Q208	Q308	Q408	Q109	Q209	Q309	Q409	Q110	LTD
<b>West McArthur Project</b>									
Camp Cost & Operations	233	166	536	2	1	113	217	4	2,108
Drilling	11	-	9	-	-	22	675	-	4,689
General & Admin	21	196	135	11	355	49	140	25	1,719
Geochemistry	112	29	60	3	1	-	23	2	232
Geology	28	6	11	17	39	18	101	31	342
Geophysics	196	118	502	14	10	10	175	4	2,399
Other	26	16	140	8	12	78	129	30	810
<b>Gross Expenditures</b>	<b>627</b>	<b>531</b>	<b>1,393</b>	<b>55</b>	<b>418</b>	<b>290</b>	<b>1,460</b>	<b>96</b>	<b>12,299</b>
Reimbursement	(846)	(764)	(1,057)	(62)	(310)	(244)	(1,399)	(91)	(9,834)
<b>Net Expenditures</b>	<b>(219)</b>	<b>(233)</b>	<b>336</b>	<b>(7)</b>	<b>108</b>	<b>46</b>	<b>61</b>	<b>5</b>	<b>2,465</b>

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<sub>3</sub>O<sub>8</sub> 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<sub>3</sub>O<sub>8</sub>. 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.

Included within General and Administrative expenses are management fees charged to and reimbursed by Mitsubishi for CanAlaska acting as project operator. During Q110 only limited activity occurred as the Company was interpreting the drill data and preparing for the 2010 winter program.

### 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 77,000 hectares.

In 2007, the Company entered into agreements with Mega Uranium Ltd. ("Mega") 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 due to aboriginal consultations, both CanAlaska and ERI have opted to initiate their cooperation by first conducting uranium exploration in Saskatchewan.

Table 5: (\$000's) Poplar Project	Quarterly								
	Q208	Q308	Q408	Q109	Q209	Q309	Q409	Q110	LTD
Camp Cost & Operations	66	-	1	213	179	28	5	2	642
Drilling	-	-	-	-	-	-	-	-	-
General & Admin	-	63	59	63	67	(12)	(3)	16	309
Geochemistry	-	-	-	31	80	15	1	-	127
Geology	-	-	15	63	145	41	29	25	318
Geophysics	453	123	414	304	280	61	25	12	1,672
Other	2	3	51	2	3	112	12	20	206
<b>Gross Expenditures</b>	<b>521</b>	<b>189</b>	<b>540</b>	<b>676</b>	<b>754</b>	<b>245</b>	<b>69</b>	<b>75</b>	<b>3,274</b>
Reimbursement	(840)	(737)	134	(623)	(719)	(95)	(60)	-	(2,940)
<b>Net Expenditures</b>	<b>(319)</b>	<b>(548)</b>	<b>674</b>	<b>53</b>	<b>35</b>	<b>150</b>	<b>9</b>	<b>75</b>	<b>334</b>

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<sub>3</sub>O<sub>8</sub> 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<sub>3</sub>O<sub>8</sub> 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.

In Q110, \$12,000 relates to stock-based compensation expense and is included within other expenditures. The remainder of the cost is principally comprised our time and costs associated with our team's preparation for commencement of exploration activities by ERI.

#### 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).

Fond Du Lac Project	Quarterly								LTD
	Q208	Q308	Q408	Q109	Q209	Q309	Q409	Q110	
Camp Cost & Operations	-	2	-	76	150	93	28	100	449
Drilling	-	-	-	122	242	16	5	224	609
General & Admin	1	20	-	6	18	7	6	6	109
Geochemistry	-	-	-	1	36	31	13	8	89
Geology	2	1	-	30	105	11	10	94	275
Geophysics	-	-	6	1	98	146	92	18	470
Option Payments	-	-	-	-	29	-	-	-	117
Other	-	2	1	18	46	99	18	47	236
<b>Net Expenditures</b>	<b>3</b>	<b>25</b>	<b>7</b>	<b>254</b>	<b>724</b>	<b>403</b>	<b>172</b>	<b>497</b>	<b>2,354</b>

The Company received its exploration permit from Indian and Northern Affairs Canada (“INAC”) on June 24, 2008. In July and August 2008, the Company carried out a 1,300 metre drill programs 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.

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. In Q110, the Company completed 1,166 metres of drilling. In September 2009, CanAlaska reported assay results from its August 2009 drill program at Fond Du Lac which included the results from hole FDL017. Hole FDL017 returned 40.4 metres averaging 0.32% U<sub>3</sub>O<sub>8</sub>, including 6 metres averaging 1.13% U<sub>3</sub>O<sub>8</sub> with individual values of half-metre samples grading up to 3.77% U<sub>3</sub>O<sub>8</sub>. For a complete understanding of the assays results from this drill program reference should be made to the Company's news release dated September 22, 2009. It also undertook surface trench sampling and mapping on the western portion of the Fond Du Lac project where significant surface, and near surface uranium mineralization was discovered. For a full understanding of the results reference should be made to the Company's News Release on September 16, 2009.

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

In December 2006, the Company acquired from the Black Lake Denesuline First Nation (“BLDFN”) 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								
	Q208	Q308	Q408	Q109	Q209	Q309	Q409	Q110	LTD
<b>Black Lake Project</b>									
Camp Cost & Operations	-	1	-	2	16	16	121	39	198
Drilling	-	-	-	-	-	-	172	194	366
General & Admin	1	20	-	1	4	3	19	6	95
Geochemistry	3	-	-	-	23	7	8	9	50
Geology	22	10	3	27	78	17	26	30	224
Geophysics	66	-	-	-	-	-	141	43	326
Option Payments	-	-	-	-	29	-	-	52	175
Other	-	2	2	3	-	64	56	32	163
<b>Net Expenditures</b>	<b>92</b>	<b>33</b>	<b>5</b>	<b>33</b>	<b>150</b>	<b>107</b>	<b>543</b>	<b>405</b>	<b>1,597</b>

In Q110, the Company completed its 1,923 metre drill program, comprises 649 metres in Q409 and 1,272 metres in Q110. 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 Q1 and Q2 2009, 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. In Q110, the Company paid \$52,000 to INAC on behalf of the BLDFN, these payments will be offset against future options payments.

### 2.2.6 Grease River Project, Saskatchewan

The Grease River project covers approximately 70,000 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								
	Q208	Q308	Q408	Q109	Q209	Q309	Q409	Q110	LTD
<b>Grease River Project</b>									
Camp Cost & Operations	214	4	91	54	11	-	23	-	565
Drilling	-	-	-	33	13	-	-	-	46
General & Admin	29	1	173	88	17	9	11	8	347
Geochemistry	54	5	(1)	6	12	4	-	-	111
Geology	337	124	20	444	63	49	11	15	1,120
Geophysics	4	-	48	-	-	-	-	-	244
Other	-	-	1	60	1	67	2	5	307
<b>Gross Expenditures</b>	<b>638</b>	<b>134</b>	<b>332</b>	<b>685</b>	<b>117</b>	<b>129</b>	<b>47</b>	<b>28</b>	<b>2,740</b>
Reimbursement	(1,035)	(3)	(185)	(781)	(114)	(131)	755	-	(1,909)
<b>Net Expenditures</b>	<b>(397)</b>	<b>131</b>	<b>147</b>	<b>(96)</b>	<b>3</b>	<b>(2)</b>	<b>802</b>	<b>28</b>	<b>831</b>

In Q109, the Company undertook 1,056 kilometres of prospecting. 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. Only minimal activity occurred on the property in Q110.

### 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 July 31, 2009, Westcan had contributed \$0.8 million towards exploration expenditures. The Company has granted an extension to Westcan in respect of its exploration commitments under the agreement.

Table 9: (\$000's)	Quarterly								LTD
	Q208	Q308	Q408	Q109	Q209	Q309	Q409	Q110	
<b>Cree West Project</b>									
Camp Cost & Operations	37	28	19	-	-	-	-	-	158
Drilling	-	-	-	-	-	-	-	-	-
General & Admin	-	2	127	-	50	(3)	-	-	287
Geochemistry	52	18	(11)	-	-	-	-	-	102
Geology	39	3	61	3	1	-	-	-	117
Geophysics	-	-	1	-	-	-	-	-	290
Other	-	-	(3)	-	-	1	-	-	156
<b>Gross Expenditures</b>	<b>128</b>	<b>51</b>	<b>194</b>	<b>3</b>	<b>51</b>	<b>(2)</b>	-	-	<b>1,110</b>
Reimbursement	(134)	(19)	(35)	(3)	(51)	4	(2)	-	(1,110)
<b>Net Expenditures</b>	<b>(6)</b>	<b>32</b>	<b>159</b>	-	-	<b>2</b>	<b>(2)</b>	-	-

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 and no expenditures were incurred in Q110.

### 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 July 31, 2009, Westcan had contributed \$0.9 million towards exploration expenditures. The Company granted an extension to Westcan in respect of its exploration commitments under the agreement.



Table 10: (\$000's)	Quarterly									
	Key Lake Project	Q208	Q308	Q408	Q109	Q209	Q309	Q409	Q110	LTD
Camp Cost & Operations	-	61	125	1	-	-	-	-	-	252
Drilling	-	16	173	(8)	1	-	-	-	-	427
General & Admin	-	7	56	-	39	-	1	-	-	114
Geochemistry	-	-	3	3	-	-	-	-	-	8
Geology	3	6	9	9	-	2	-	-	-	47
Geophysics	-	1	1	-	-	-	-	-	-	139
Other	-	-	-	-	-	3	-	-	-	49
<b>Gross Expenditures</b>	<b>3</b>	<b>91</b>	<b>367</b>	<b>5</b>	<b>40</b>	<b>5</b>	<b>1</b>	-	-	<b>1,036</b>
Reimbursement	-	-	(318)	(5)	(40)	(2)	(3)	-	-	(1,035)
<b>Net Expenditures</b>	<b>3</b>	<b>91</b>	<b>49</b>	-	-	<b>3</b>	<b>(2)</b>	-	-	<b>1</b>

In the winter of 2007, three holes costing \$150,868 were drilled on a conductor on one claim, providing one intersection of minor uranium mineralization (0.058% U<sub>3</sub>O<sub>8</sub> 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. As at July 31, 2009, Westcan had contributed \$0.9 million towards exploration expenditures. No significant exploration activity occurred at Key Lake during fiscal 2009 and Q110 due to the uncertain nature of the involvement of Westcan.

### 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 (50,000 issued) 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.

Table 11: (\$000's)	Quarterly									
	Collins Bay Extension	Q208	Q308	Q408	Q109	Q209	Q309	Q409	Q110	LTD
Camp Cost & Operations	-	-	-	-	-	-	-	-	1	1
Drilling	-	-	-	-	-	-	-	-	-	-
General & Admin	-	-	-	-	-	-	-	-	1	1
Geochemistry	-	-	-	-	-	-	-	-	-	-
Geology	-	-	-	-	-	-	-	-	6	6
Geophysics	-	-	-	-	-	-	-	-	1	-
Option payment	-	-	-	-	-	-	-	-	8	8
Other	-	-	-	-	-	-	-	-	6	6
<b>Gross Expenditures</b>	-	-	-	-	-	-	-	-	<b>23</b>	<b>23</b>

The option payment expenditure of \$8,000 represents the fair value of the 50,000 shares issued in conjunction with the option agreement.

### 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 to third parties 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.

<b>Table 12: \$000's</b>	<b>Quarterly</b>								
	<b>Q208</b>	<b>Q308</b>	<b>Q408</b>	<b>Q109</b>	<b>Q209</b>	<b>Q309</b>	<b>Q409</b>	<b>Q110</b>	<b>LTD</b>
<b>Helmer Project</b>									
Camp Cost & Operations	381	36	7	8	2	-	-	-	980
Drilling	771	172	31	-	-	-	-	-	1,175
General & Admin	68	(38)	392	2	7	1	45	-	735
Geochemistry	35	4	6	1	-	-	-	-	101
Geology	233	4	1	23	(5)	7	-	-	333
Geophysics	167	211	(2)	4	24	6	-	1	879
Other	210	14	1	1	-	10	-	3	518
<b>Net Expenditures</b>	<b>1,865</b>	<b>403</b>	<b>436</b>	<b>39</b>	<b>28</b>	<b>24</b>	<b>45</b>	<b>4</b>	<b>4,724</b>

### 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.

<b>Table 13: (\$000's)</b>	<b>Quarterly</b>								
	<b>Q208</b>	<b>Q308</b>	<b>Q408</b>	<b>Q109</b>	<b>Q209</b>	<b>Q309</b>	<b>Q409</b>	<b>Q110</b>	<b>LTD</b>
<b>Lake Athabasca Project</b>									
Camp Cost & Operations	349	94	437	21	6	(9)	-	-	1,820
Drilling	1	6	510	1	-	-	-	-	1,056
General & Admin	46	14	167	1	17	-	-	5	639
Geochemistry	41	6	9	19	1	3	-	-	94
Geology	41	43	102	30	4	-	-	1	328
Geophysics	203	109	136	6	19	(18)	-	12	1,674
Other	13	11	39	1	8	10	-	-	291
<b>Net Expenditures</b>	<b>694</b>	<b>283</b>	<b>1,400</b>	<b>79</b>	<b>55</b>	<b>(14)</b>	<b>-</b>	<b>18</b>	<b>5,902</b>

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. The negative numbers in Q309 represent the reversal of costs from Q209 that were associated with another project. Included within Geophysics were boat rentals costs of \$6,000 for Q110.

### 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.

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.

<b>Table 14: (\$000's)</b>	<b>Quarterly</b>								
	<b>Q208</b>	<b>Q308</b>	<b>Q408</b>	<b>Q109</b>	<b>Q209</b>	<b>Q309</b>	<b>Q409</b>	<b>Q110</b>	<b>LTD</b>
<b>NE Wollaston Project</b>									
Camp Cost & Operations	425	5	(6)	(6)	(4)	9	-	-	1,362
Drilling	-	-	-	-	-	-	-	-	373
General & Admin	43	11	180	1	9	-	1	8	704
Geochemistry	100	30	5	-	-	-	-	-	797
Geology	30	41	19	19	21	4	1	-	2,303
Geophysics	273	19	-	3	1	-	-	-	905
Other	32	-	-	2	1	13	-	2	153
<b>Net Expenditures</b>	<b>903</b>	<b>106</b>	<b>198</b>	<b>19</b>	<b>28</b>	<b>26</b>	<b>2</b>	<b>10</b>	<b>6,597</b>

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 covers 16,000 hectares. The 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.

<b>Table 15: (\$000's)</b>	<b>Quarterly</b>								
	<b>Q208</b>	<b>Q308</b>	<b>Q408</b>	<b>Q109</b>	<b>Q209</b>	<b>Q309</b>	<b>Q409</b>	<b>Q110</b>	<b>LTD</b>
<b>McTavish Project</b>									
Camp Cost & Operations	-	-	-	-	-	-	-	-	14
Drilling	-	-	-	-	-	-	-	-	-
General & Admin	3	-	5	-	-	1	-	-	523
GeoChemistry	-	-	11	-	-	-	-	-	12
Geology	-	-	-	-	-	-	-	-	1
GeoPhysics	-	-	3	-	-	-	-	1	183
Other	36	2	18	-	-	-	-	-	58
<b>Net Expenditures</b>	<b>39</b>	<b>2</b>	<b>37</b>	<b>-</b>	<b>-</b>	<b>1</b>	<b>-</b>	<b>1</b>	<b>790</b>

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<sub>3</sub>O<sub>8</sub> in the measured and indicated categories. By defining a resource of 50 million pounds of U<sub>3</sub>O<sub>8</sub> 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](http://www.canalaska.com).

**Table 16**

**Other projects update**

	<b>Status</b>	<b>Recent work undertaken</b>
Waterbury	High priority - Seeking Venture Partner	3 drill targets 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
		Land use consultations ongoing with local
Misty	Optioned to Great Western Minerals Group	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 (\$1,000 received) and the issuance of 200,000 shares (100,000 shares past due) in Glass Earth Gold Ltd. to the Company over the course of the program.

During the fiscal year ended April 30, 2009, 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.

### 3. FINANCIAL POSITION

#### 3.1 Cash and Working Capital

<b>Table 17: (\$000's)</b>		
<b>Cash and Working Capital</b>	<b>Apr-09</b>	<b>Jul-09</b>
Cash and cash equivalents	\$6,339	\$5,061
Accounts receivable and prepaids	996	951
Available-for-sale securities	276	228
Accounts payable and accruals	(1,194)	(1,057)
<b>Net working capital</b>	<b>\$6,417</b>	<b>\$5,181</b>

For analysis and discussion of the movement in cash and cash equivalents reference should be made to Section 5 of this MD&A. Included within cash and cash equivalents are \$0.8 million in funds from the CKU Partnership which are dedicated to the Cree East project. Reference should be made to note 5 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. The decline in available-for-sale securities is as a result of marking the securities to market and recording the decrease in other comprehensive income. The decrease in accounts payable is consistent with the decrease in exploration activities compared with the fourth quarter of 2009.

#### 3.2 Other Assets and Liabilities

<b>Table 18: (\$000's)</b>		
<b>Other Assets and Liabilities</b>	<b>Apr-09</b>	<b>Jul-09</b>
Property and equipment	827	792
Mineral property interests (section 2.2)	39,133	40,780
Reclamation bonds	317	308
Future income tax liability	(1,341)	(1,203)
Non-controlling interest	(\$7,600)	(\$8,480)

As a result of only minimal acquisitions during the period (\$13,204) to offset depreciation charges for the quarter, property and equipment decreased from fiscal year end. Deferred costs associated with mineral property increased during the period principally as a result of exploration expenditures on Cree East, Fond Du Lac and Black Lake (refer to section 2). The non-controlling interest stems from the consolidation of the variable interest entity, CKU Partnership. An additional \$880,000 was received from our Korean Partners during the first quarter to fund a summer exploration program at Cree East.

#### 3.3 Equity and Financings

<b>Table 19: (\$000's)</b>		
<b>Shareholders' Equity</b>	<b>Apr-09</b>	<b>Jul-09</b>
Common shares	\$56,183	\$56,190
Contributed surplus	7,940	8,432
Accumulated other comprehensive income	9	(39)
Deficit	(26,379)	(27,203)
<b>Total shareholders equity</b>	<b>\$37,753</b>	<b>\$37,380</b>

**Table 20: (\$000's)**

<b>Equity Instruments</b>	<b>Apr-09</b>	<b>Jul-09</b>
Common shares outstanding	137,784	137,834
Options outstanding		
Number	21,372	21,948
Weighted average price	\$0.36	\$0.34
Warrants outstanding		
Number	6,307	6,307
Weighted average price	\$0.50	\$0.50

**Equity instruments**

As of July 31, 2009 the Company had 137,833,650 common shares outstanding. In August 2009, 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 September 24, 2009 to 143,660,414 common shares.

**Table 21: Proceeds from Financings**

<b>Date</b>	<b>Type / Gross Proceeds</b>	<b>Intended Use</b>	<b>Actual Use</b>
August 2009	5,826,764 flow-through units \$1.0 million	Uranium exploration in Saskatchewan	Pending
May 2008	10,922,660 flow-through units \$3.7 million	Uranium exploration in Saskatchewan, Manitoba, and Alberta	As Intended
October 2007	7,660,877 flow-through units \$3.6 million	Uranium exploration in Athabasca Basin in general working capital	As Intended
September 2007	1,111,111 flow-through units \$0.5 million	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.





#### 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 unaudited consolidated financial statements) and a breakdown of the material components of general and administration expenses (refer below).

Table 21: (\$000's) Quarterly Expenditures	Quarterly							
	Q208	Q308	Q408	Q109	Q209	Q309	Q409	Q110
<b>Revenue</b>	-	-	-	-	-	-	-	-
<b>Expensed Exploration Cost</b>								
Net indirect exploration expenditures	136	(397)	1,277	28	14	21	954	126
Mineral property write-offs	-	-	550	-	-	10	484	-
Equipment rental income	-	-	(429)	-	-	-	(316)	(16)
Net option payments	-	-	(137)	(112)	(29)	(15)	(31)	75
	136	(397)	1,261	(84)	(15)	16	1,091	185
<b>Other Expenses</b>								
Consulting, labour & prof. fees	239	425	432	150	294	327	278	297
Depreciation & amortization	(20)	-	188	53	54	57	68	48
Foreign exchange loss (gain)	-	-	(28)	(27)	(120)	49	(95)	2
Insurance, licenses & filing fees	115	17	52	20	65	(45)	21	65
Interest income	(303)	158	(94)	(50)	(44)	(28)	(45)	(30)
Other corporate cost	47	53	53	39	40	23	116	33
Investor relations	99	93	36	16	17	21	6	10
Rent	21	30	29	22	39	92	47	50
Stock-based compensation	-	601	372	373	382	346	408	350
Travel & accommodation	65	22	66	9	41	19	11	6
Write-down of AFS securities	-	(15)	(134)	-	327	41	26	-
Management fee	(179)	(429)	(287)	(145)	(65)	210	(628)	(54)
	84	955	685	460	1,030	1,112	213	777
<b>Net loss before taxes</b>	<b>220</b>	<b>558</b>	<b>1,946</b>	<b>376</b>	<b>1,015</b>	<b>1,128</b>	<b>1,304</b>	<b>962</b>
Future income taxes	-	-	(772)	-	-	-	(1,107)	(138)
<b>Net loss after tax</b>	<b>220</b>	<b>558</b>	<b>1,174</b>	<b>376</b>	<b>1,015</b>	<b>1,128</b>	<b>197</b>	<b>824</b>
Unrealized loss on AFS securities	125	(58)	146	147	125	(58)	(57)	48
<b>Comprehensive loss</b>	<b>345</b>	<b>500</b>	<b>1,320</b>	<b>523</b>	<b>1,140</b>	<b>1,070</b>	<b>140</b>	<b>872</b>
Loss Per Share	0.00	0.00	0.01	0.00	0.01	0.01	0.00	0.01

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 the costs associated with running our field operation office in Saskatchewan and our warehouse in La Ronge, and time and cost of our exploration teams 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 previously 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 as of the fourth quarter and therefore the charges in the fourth quarter represent the costs for the full fiscal year.

The lower net indirect exploration expenses for Q110 can be attributed to the lower exploration activity that occurs during the summer months.



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. In Q110 the Company also did not renew its license on the Puhī Puhī (Mt Mitchell) property and recorded a write-down of a further \$0.3 million in the fourth quarter of 2009. No mineral property write downs occurred in the first quarter of 2010.

Equipment rental income is comprised of income (cost recapture) from charging projects for the rental of camps and other miscellaneous equipment, that was previously purchased by the Company and which is maintained at our La Ronge warehouse. The decrease in equipment rental income in Q110 is consistent with the reduced exploration activities in the quarter. As with net indirect exploration expenses, the equipment rental income recorded in the fourth quarter is for twelve months rather than one quarter.

Net option payments for Q110, is an expense as a result of the Company providing for the option payments from District Gold that are past due. The Company had previously accrued for these receivables.

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.

Insurance, licenses and filing fees were negative in the third quarter of 2009 as a result of an insurance allocation to various properties. The increase in Q110 can be attributed to filing fees associated with the audited financial statements and tax returns.

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. 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.

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 economic environment at that time and recorded a permanent impairment in the statement of loss and deficit. As a result, all of the previously 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. No permanent impairment was recorded in Q110.

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. 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 first quarter of the Company recognized a recovery of \$138,000 as more tax losses became available to offset the FIT liability that had previously arisen due to the renouncement of tax losses.

## 5. CASHFLOW REVIEW

For the three months ended July 31, 2009, cash outflow from operations, after non-cash working capital movements, was \$0.5 million (Q109: \$0.9m), which is consistent with the net loss for the period. There was \$0.9 million raised (Q109: \$5.1m) through financing activities for the quarter from our Korean consortium that is funding Cree East. Cash outflow from investing activities was \$1.7 million for the three months ended July 31, 2009 (Q109: outflow \$1.0m) as the Company continued to invest in its Athabasca Basin properties.

As of July 31, 2009, the Company had cash and cash equivalents of \$5.1 million (April 30, 2009: \$6.3 m).



**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 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. is on the verge of earning-in to the project with cumulative exploration spending of approximately \$10 million (as at July 31, 2009, \$9.8 million had been spent). A \$1.0 million cash payment is due to the Company upon earn-in. CanAlaska will meet and work with Mitsubishi over the coming months to establish the future program and structure of the West McArthur joint venture, including commencing an expected winter drill program.

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, along 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 \$5.1 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](http://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: Related Party Transactions**

\$000's	Q110	Q109
Engineering and consulting fee to the VP Exploration	48	52
Accounting fees to a company controlled by the former Chief Financial Officer	2	15

The VP Exploration currently provides his services through a consulting company. 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 first three months of the fiscal year, \$11,644, (July 31, 2008: \$19,694) has been accrued to directors. At period end, \$4,500 (April 30, 2009: \$10,326) is owing to directors. This is due on demand and is non-interest bearing.

## **7.2 Financing**

Management believes that the funds on hand at July 31, 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 and/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.

## **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 three months ended July 31, 2009.

#### **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. Reference should be made to the risk factors section contained in the Company's Management Discussion and Analysis for the fiscal year ended April 30, 2009.

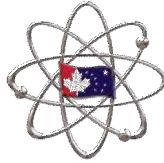
**8 SUMMARY OF FINANCIAL POSITION AND PERFORMANCE**

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

<b>Table 23: (\$000's)</b>	<b>Quarterly</b>							
<b>Loss &amp; Comprehensive Loss Summary</b>	<b>Q208</b>	<b>Q308</b>	<b>Q408</b>	<b>Q109</b>	<b>Q209</b>	<b>Q309</b>	<b>Q409</b>	<b>Q110</b>
<b>Revenue</b>	-	-	-	-	-	-	-	-
<b>Expensed Exploration Cost</b>								
Net indirect exploration exp.	136	(397)	1,277	28	14	21	954	126
Mineral property write-offs	-	-	550	-	-	10	484	-
Equipment rental income	-	-	(429)	-	-	-	(316)	(16)
Net option payments	-	-	(137)	(112)	(29)	(15)	(31)	75
	136	(397)	1,261	(84)	(15)	16	1,091	185
<b>Other Expenses</b>								
Consulting, labour & prof. fees	239	425	432	150	294	327	278	297
Depreciation	(20)	-	188	53	54	57	68	48
Foreign exchange loss (gain)	-	-	(28)	(27)	(120)	49	(95)	2
Insurance, licenses & filing fees	115	17	52	20	65	(45)	21	65
Interest income	(303)	158	(94)	(50)	(44)	(28)	(45)	(30)
Other corporate cost	47	53	53	39	40	23	116	33
Investor relations	99	93	36	16	17	21	6	10
Rent	21	30	29	22	39	92	47	50
Stock-based compensation	-	601	372	373	382	346	408	350
Travel & accommodation	65	22	66	9	41	19	11	6
Write-down of AVS securities	-	(15)	(134)	-	327	41	26	-
Management fees	(179)	(429)	(287)	(145)	(65)	210	(628)	(54)
	84	955	685	460	1,030	1,112	213	777
<b>Net loss before taxes</b>	<b>220</b>	<b>558</b>	<b>1,946</b>	<b>376</b>	<b>1,015</b>	<b>1,128</b>	<b>1,304</b>	<b>962</b>
Future income taxes	-	-	(772)	-	-	-	(1,107)	(138)
<b>Net loss after taxes</b>	<b>220</b>	<b>558</b>	<b>1,174</b>	<b>376</b>	<b>1,015</b>	<b>1,128</b>	<b>197</b>	<b>824</b>
Unrealized loss on AFS securities	125	(58)	146	147	125	(58)	(57)	48
<b>Comprehensive loss</b>	<b>345</b>	<b>500</b>	<b>1,320</b>	<b>523</b>	<b>1,140</b>	<b>1,070</b>	<b>140</b>	<b>872</b>
Loss per share	0.00	0.00	0.01	0.00	0.01	0.01	0.00	0.01

**Table 24: (\$000's) Financial Position summary**

	Quarterly							
	Q208	Q308	Q408	Q109	Q209	Q309	Q409	Q110
<b>Financial Position</b>								
<b>Assets</b>								
Cash and cash equivalents	8,618	9,117	7,376	10,546	7,702	7,990	6,339	5,061
Accounts receivable and prepaids	1,493	1,649	2,121	2,040	1,307	2,010	996	951
Available-for-sale securities	609	612	882	676	251	245	276	228
<b>Total Current Assets</b>	<b>10,720</b>	<b>11,378</b>	<b>10,379</b>	<b>13,262</b>	<b>9,260</b>	<b>10,245</b>	<b>7,611</b>	<b>6,240</b>
Reclamation bond	680	680	711	711	280	281	317	308
Property, plant and equipment	886	932	887	860	837	823	827	792
Mineral property interests	26,210	25,525	31,661	32,822	35,854	36,500	39,133	40,780
<b>Total Assets</b>	<b>38,496</b>	<b>38,515</b>	<b>43,368</b>	<b>47,655</b>	<b>46,231</b>	<b>47,939</b>	<b>47,888</b>	<b>48,120</b>
<b>Liabilities</b>								
Accounts payable and accruals	304	268	2,619	1,499	630	590	1,194	1,057
Future income tax liability	946	946	1,445	1,445	1,445	1,445	1,341	1,203
<b>Total Liabilities</b>	<b>1,250</b>	<b>1,214</b>	<b>4,064</b>	<b>2,944</b>	<b>2,075</b>	<b>2,035</b>	<b>2,535</b>	<b>2,260</b>
<b>Non-Controlling Interest</b>	-	-	3,600	5,280	5,280	7,600	7,600	8,480
<b>Shareholders' Equity</b>								
Common shares	55,901	55,913	54,079	57,000	57,114	57,114	56,183	56,190
Contributed surplus	3,275	3,875	5,392	6,451	6,922	7,420	7,940	8,432
AOCI	-	-	166	19	(106)	(48)	9	(39)
Deficit	(21,930)	(22,487)	(23,663)	(24,039)	(25,054)	(26,182)	(26,379)	(27,203)
<b>Total Shareholders' Equity</b>	<b>37,246</b>	<b>37,301</b>	<b>35,974</b>	<b>39,431</b>	<b>38,876</b>	<b>38,304</b>	<b>37,753</b>	<b>37,380</b>
<b>Total Liabilities and Equity</b>	<b>38,496</b>	<b>38,515</b>	<b>43,368</b>	<b>47,655</b>	<b>46,231</b>	<b>47,939</b>	<b>47,888</b>	<b>48,120</b>
Weighted average # of shares (000's)	109,788	125,521	125,870	135,636	137,642	137,734	137,160	137,793
Working Capital	10,416	11,110	7,760	11,763	8,630	9,655	6,417	4,955
<b>Cash flows from:</b>								
Operating activities	60	(155)	(1,729)	(923)	1,612	(1,658)	(673)	(507)
Financing activities	7,007	12	2,431	5,121	3,109	2,320	(5)	879
Investing activities	(4,872)	642	(2,444)	(1,028)	(7,400)	(374)	(973)	(1,650)
Net increase (decrease) in cash	2,195	499	(1,742)	3,170	(2,679)	288	(1,651)	(1,278)



# **CanAlaska Uranium Ltd.**

(An Exploration Stage Company)

Consolidated Financial Statements

**First Quarter - July 31, 2009**

(Unaudited)

(Expressed in Canadian dollars, except where indicated)



# CanAlaska Uranium Ltd.

(An Exploration Stage Company)

Consolidated Balance Sheets

As at July 31, 2009 and April 30, 2009

(Unaudited)

(Expressed in Canadian dollars except where indicated)

	July 31 2009 \$000's	April 30 2009 \$000's
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents (note 5)	5,061	6,339
Accounts receivable and prepaid expenses	951	996
Available-for-sale securities (note 6)	228	276
	<u>6,240</u>	<u>7,611</u>
<b>Reclamation bonds</b>	308	317
<b>Property and equipment</b> (note 7)	792	827
<b>Mineral property interests</b> (note 8)	40,780	39,133
	<u>48,120</u>	<u>47,888</u>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities	1,057	1,194
<b>Future income tax liability</b>	1,203	1,341
	<u>2,260</u>	<u>2,535</u>
<b>Non-controlling interest</b> (note 3)	<u>8,480</u>	<u>7,600</u>
<b>Shareholders' equity</b>		
Common shares (note 11)	56,190	56,183
Contributed surplus (note 11)	8,432	7,940
Accumulated other comprehensive income (note 13)	(39)	9
Deficit	<u>(27,203)</u>	<u>(26,379)</u>
	<u>37,380</u>	<u>37,753</u>
	<u>48,120</u>	<u>47,888</u>

**Nature of operations** (note 1)

**Commitments** (notes 8 and 15)

**Subsequent events** (note 17)

**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

As at July 31, 2009 and April 30, 2009

(Unaudited)

(Expressed in Canadian dollars except where indicated)

	Three months ended July 31 2009	Three months ended July 31 2008
	(S000's)	(restated) (S000's)
<b>EXPENSED EXPLORATION COSTS</b>		
Net indirect exploration expenditures	126	28
Equipment rental income	(16)	-
Net option payments (note 10(c))	75	(112)
	<u>185</u>	<u>(84)</u>
<b>OTHER EXPENSES</b>		
Consulting, labour & professional fees	297	149
Depreciation & amortization (note 7)	48	53
Foreign exchange gain	2	(27)
Insurance, licenses & filing fees	65	20
Interest income	(30)	(50)
Other corporate costs	33	39
Investor relations & presentations	10	16
Rent	50	22
Stock-based compensation (note 12)	350	373
Travel & accommodation	6	9
Management fees	(54)	(145)
	<u>777</u>	<u>459</u>
<b>Loss before income taxes</b>	962	375
Future income tax recovery	(138)	-
<b>Loss for the period</b>	<u>824</u>	<u>375</u>
<b>Other comprehensive loss</b>		
Unrealized loss on available-for-sale securities (note 13)	48	147
<b>Comprehensive loss for the period</b>	<u>872</u>	<u>522</u>
Deficit- beginning of the period	(26,379)	(24,504)
Deficit- end of the period	(27,203)	(24,879)
<b>Basic and diluted loss per share (\$ per share)</b>	0.01	-
<b>Weighted average common shares outstanding (000's)</b>	137,793	135,636

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 three months ended July 31, 2009 and 2008**  
**(Unaudited)**

(Expressed in Canadian dollars except where indicated)

	<b>Three months ended July 31 2009</b>	<b>Three months ended July 31 2008 (restated)</b>
	<b>\$000's</b>	<b>\$000's</b>
<b>Cash flows from operating activities</b>		
Net loss for the period	(824)	(759)
Items not affecting cash		
Depreciation and amortization (note 7)	48	53
Future income tax recovery	(138)	-
Net option payments	75	(112)
Stock-based compensation	350	373
	<u>(489)</u>	<u>(445)</u>
Change in non-cash operating working capital		
Decrease (increase) in accounts receivable & prepaids	(31)	81
Increase (decrease) in accounts payable & accruals	13	(559)
	<u>(507)</u>	<u>(923)</u>
<b>Cash flows from financing activities</b>		
Issuance of common shares (net of issue costs)	(1)	3,441
Non-controlling interest	880	1,680
	<u>879</u>	<u>5,121</u>
<b>Cash flows from investing activities</b>		
Deferred exploration costs	(1,734)	(2,646)
Proceeds from available for sale securities	-	59
Property and equipment	(13)	(26)
Option payments received	1	75
Other	5	-
Reimbursed exploration costs	91	1,510
	<u>(1,650)</u>	<u>(1,028)</u>
<b>Increase (decrease) in cash and cash equivalents</b>	<b>(1,278)</b>	<b>3,170</b>
<b>Cash and cash equivalents - beginning of period</b>	<b>6,339</b>	<b>7,376</b>
<b>Cash and cash equivalents - end of period</b>	<b>5,061</b>	<b>10,546</b>

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

# **CanAlaska Uranium Ltd.**

(An Exploration Stage Company)

Notes to the Consolidated Financial Statements

**For the three months ended July 31, 2009 and 2008**

**(Unaudited)**

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(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 July 31, 2009, the Company had cash and cash equivalents of \$5.1 million (April 30, 2009: \$6.3m) (note 5) and working capital of \$5.2 million (April 30, 2009: \$6.4m). Management believes that the cash on hand at July 31, 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 Basis of presentation**

These interim consolidated financial statements have been prepared in accordance with Canadian GAAP on a basis consistent with the annual financial statements of the Company. Disclosure requirements for interim financial statements do not contain all the information that is required of annual financial statements. Accordingly, they should be read in conjunction with the audited financial statements, for the year ended April 30, 2009. Certain comparative figures have been reclassified to conform to the current period’s presentation.

The comparative figure for the three months ended July 31, 2008 has been restated due to change accounting policy for the Canada-Korea Uranium Limited Partnership (“CKU Partnership”), reference should be made to note 2 of the audited consolidated financial statements for the fiscal year ended April 30, 2009.

### **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 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.

**CanAlaska Uranium Ltd.**  
(An Exploration Stage Company)  
Notes to the Consolidated Financial Statements  
**For the three months ended July 31, 2009 and 2008**  
**(Unaudited)**

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(Expressed in Canadian dollars except where indicated)

**2 Basis of presentation (continued)**

**Estimates, risks and uncertainties (continued)**

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.

**3 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 July 31, 2009, the Korean Consortium has contributed \$8.5 million (April 30, 2009: \$7.6m) and has a 31.9% interest (April 30, 2009: 29.6%) 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:

	<b>July 31, 2009</b>	<b>April 30, 2009</b>
<b>CKU Partnership</b>	<b>\$000's</b>	<b>\$000's</b>
Cash (note 5)	819	410
Mineral property (note 9 (a))	8,459	7,936
Non-controlling interest	8,480	7,600

# CanAlaska Uranium Ltd.

(An Exploration Stage Company)

Notes to the Consolidated Financial Statements

For the three months ended July 31, 2009 and 2008

(Unaudited)

(Expressed in Canadian dollars except where indicated)

## 4 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 July 31, 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 (\$1,000 paid) and the issuance of 200,000 shares (100,000 shares are past due) 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 July 31, 2009 (note 10 (a)):

	July 31, 2009	April 30, 2009
	\$000’s	\$000’s
Mineral property	323	324

## 5 Cash and Cash Equivalents

	July 31, 2009	April 30, 2009
	\$000’s	\$000’s
CKU Partnership funds	819	410
Option-in advances	103	194
Cash in bank and other short term deposits	4,139	5,735
<b>Total</b>	<b>5,061</b>	<b>6,339</b>

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

# CanAlaska Uranium Ltd.

(An Exploration Stage Company)

Notes to the Consolidated Financial Statements

For the three months ended July 31, 2009 and 2008

(Unaudited)

(Expressed in Canadian dollars except where indicated)

## 6 Available-for-Sale Securities

	Number of Shares	July 31, 2009		April 30, 2009	
		Adjusted Cost \$000's	Market Value \$000's	Adjusted Cost \$000's	Market Value \$000's
Pacific North West Capital Corp.	846,800	34	85	34	89
Westcan Uranium Corp.	500,000	49	13	49	18
Mega Uranium Ltd.	50,000	104	68	104	99
Other available-for-sale securities	5,686,937	80	62	80	70
<b>Total</b>	<b>7,083,737</b>	<b>267</b>	<b>228</b>	<b>267</b>	<b>276</b>

An unrealized loss on available-for-sale securities of \$48,000 (July 31, 2009: \$147,000) was recorded in other comprehensive loss for the period ended July 31, 2009.

## 7 Property and Equipment

	July 31, 2009			April 30, 2009		
	Cost \$000's	Accumulated amortization \$000's	Net \$000's	Cost \$000's	Accumulated amortization \$000's	Net \$000's
Automotive	111	(59)	52	111	(55)	56
Leasehold improvements	266	(44)	222	266	(39)	227
Mining equipment	923	(565)	358	923	(535)	388
Office equipment	430	(270)	160	417	(261)	156
<b>Total</b>	<b>1,730</b>	<b>(938)</b>	<b>792</b>	<b>1,717</b>	<b>(890)</b>	<b>827</b>

During the first three months of fiscal year 2010, the Company had additions of \$13,204.

## 8 Mineral Property Interests

Project (\$000's)	First Quarter 2010 Expenditures				Life to Date - July 31, 2009			
	Acquisition Costs	Deferred Exploration	Writeoffs/ Reimburse	Total	Acquisition Costs	Deferred Exploration	Writeoffs/ Reimburse	Total
Athabasca (note 9)	11	1,718	(91)	1,638	1,205	57,455	(18,398)	40,262
Other interests (note 10)	-	10	(1)	9	398	1,344	(1,224)	518
<b>Total</b>	<b>11</b>	<b>1,728</b>	<b>(92)</b>	<b>1,647</b>	<b>1,603</b>	<b>58,799</b>	<b>(19,622)</b>	<b>40,780</b>

# CanAlaska Uranium Ltd.

(An Exploration Stage Company)

Notes to the Consolidated Financial Statements

For the three months ended July 31, 2009 and 2008

(Unaudited)

(Expressed in Canadian dollars except where indicated)

## 8 Mineral Property Interests (continued)

Project (\$000's)	2009 Fiscal Expenditures				Life to Date - April 30, 2009			
	Acquisition Costs	Deferred Exploration	Writeoffs/ Reimburse	Total	Acquisition Costs	Deferred Exploration	Writeoffs/ Reimburse	Total
Athabasca (note 9)	132	11,486	(3,885)	7,733	1,194	55,737	(18,307)	38,624
Other interests (note 10)	20	240	(521)	(261)	398	1,334	(1,223)	509
<b>Total</b>	<b>152</b>	<b>11,726</b>	<b>(4,406)</b>	<b>7,472</b>	<b>1,592</b>	<b>57,071</b>	<b>(19,530)</b>	<b>39,133</b>

The Company holds approximately 1,148,000 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.

Summary of option payments due As at July 31, 2009	Total		Shares
	Cash \$000's	Spend <sup>2</sup> \$000's	
April 2010 (paid)	-	600	50,000
April 2011	52	-	50,000
April 2011	40	2,000	100,000
April 2012	68	3,400	100,000
Thereafter	-	10,000	1,200,000
<b>Total due<sup>1</sup></b>	<b>160</b>	<b>10,000</b>	<b>1,500,000</b>

<sup>1</sup> Only considers payments paid during the current fiscal year and not previous year's payments and issuances

<sup>2</sup> Represents cumulative spend required not spend per fiscal year. The spend requirements do not consider amounts already incurred on Black Lake (note 9e) or Fond Du Lac (note 9d) and the Collins Bay Extension (note 9o)

Summary of option payments receivable As at July 31, 2009 <sup>1</sup>	Total		Shares
	Cash \$000's	Spend <sup>3</sup> \$000's	
April 2010 (outstanding)	135	5,450	1,300,000
April 2011	10	6,683	150,000
April 2012	17	9,152	550,000
April 2013	10	10,493	50,000
Thereafter	550	20,037	2,300,000
<b>Total due<sup>2</sup></b>	<b>722</b>	<b>20,037</b>	<b>4,350,000</b>

<sup>1</sup> Excludes expenditures and payments on West McArthur (note 9 (b)) and Cree East (notes 3 and 9 (a))

<sup>2</sup> Only considers payments received during the current fiscal year and not previous year's payments and issuances



# CanAlaska Uranium Ltd.

(An Exploration Stage Company)

Notes to the Consolidated Financial Statements

For the three months ended July 31, 2009 and 2008

(Unaudited)

(Expressed in Canadian dollars except where indicated)

<sup>3</sup> 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

## 9 Athabasca Mineral Property Interests

Project (\$000's)	First Quarter 2010 Expenditures				Life to Date-July 31, 2009			
	Acquisition Costs	Deferred Exploration	Writeoffs/Reimburse	Total	Acquisition Costs	Deferred Exploration	Writeoffs/Reimburse	Total
Cree East (a)	-	523	-	523	-	8,459	-	8,459
West McArthur (b)	-	96	(91)	5	65	12,234	(9,834)	2,465
Poplar	-	75	-	75	166	3,108	(2,940)	334
Fond du Lac (d)	-	497	-	497	120	2,234	-	2,354
Black Lake (e)	3	402	-	405	146	1,451	-	1,597
Grease River (f)	-	28	-	28	118	2,622	(1,909)	831
Cree West (g)	-	-	-	-	40	1,070	(1,110)	-
Key Lake (h)	-	-	-	-	24	1,012	(1,035)	1
NE Wollaston (i)	-	10	-	10	16	6,581	-	6,597
Helmer (j)	-	4	-	4	64	4,660	-	4,724
Lake Athabasca (k)	-	18	-	18	112	5,790	-	5,902
Alberta (l)	-	24	-	24	11	2,325	-	2,336
Hodgson (m)	-	9	-	9	44	1,209	-	1,253
Arnold (n)	-	-	-	-	35	1,237	-	1,272
Collins Bay (o)	8	15	-	23	8	15	-	23
Other (p)	-	17	-	17	236	3,448	(1,570)	2,114
<b>Total</b>	<b>11</b>	<b>1,718</b>	<b>(91)</b>	<b>1,638</b>	<b>1,205</b>	<b>57,455</b>	<b>(18,398)</b>	<b>40,262</b>

Project (\$000's)	2009 Fiscal Expenditures				Life to Date-April 30, 2009			
	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

# CanAlaska Uranium Ltd.

(An Exploration Stage Company)

Notes to the Consolidated Financial Statements

For the three months ended July 31, 2009 and 2008

(Unaudited)

(Expressed in Canadian dollars except where indicated)

Other (o)	53	38	-	91	236	3,431	(1,570)	2,097
<b>Total</b>	<b>132</b>	<b>11,486</b>	<b>(3,885)</b>	<b>7,733</b>	<b>1,194</b>	<b>55,737</b>	<b>(18,307)</b>	<b>38,624</b>

## 9 Athabasca Mineral Property Interests (continued)

### a) Cree East, Saskatchewan – Korean Consortium

At Cree East (note 3), during the first quarter of fiscal 2010, the Company spent \$8,000 on camp cost & operations (Life to Date (“LTD”): \$1,439,000); drilling \$nil (LTD: \$2,662,000); general and administration (“G&A”) \$37,000 (LTD: \$224,000); geochemistry \$5,000 (LTD: \$372,000); geology \$27,000 (LTD: \$548,000); geophysics \$361,000 (LTD: \$1,882,000); management fees \$45,000 (LTD: \$639,000); and other expenses \$40,000 (LTD: \$693,000).

### 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 (\$9.8 million expended as of July 31, 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 first quarter of fiscal 2010, the Company spent \$4,000 on camp cost & operations (LTD: \$2,108,000); drilling \$nil (LTD: \$4,689,000); G&A \$25,000 (LTD: \$1,719,000); geochemistry \$2,000 (LTD: \$232,000); geology \$31,000 (LTD: \$342,000); geophysics \$4,000 (LTD: \$2,399,000); and other expenses \$30,000 (LTD: \$810,000). During the first quarter of fiscal 2010, the Company received reimbursements of \$91,000 (LTD: \$9,834,000).

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

Poplar consists of approximately 77,000 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 first quarter of fiscal 2010, the Company spent \$2,000 on camp cost & operations (LTD: \$642,000); G&A \$16,000 (LTD: \$309,000); geochemistry \$nil (LTD: \$127,000); geology \$25,000 (LTD: \$318,000); geophysics \$12,000 (LTD: \$1,672,000); and other expenses \$20,000 (LTD: \$206,000). During the first quarter of fiscal 2010, the Company received reimbursements of \$nil (LTD: \$2,940,000).

# CanAlaska Uranium Ltd.

(An Exploration Stage Company)

Notes to the Consolidated Financial Statements

For the three months ended July 31, 2009 and 2008

(Unaudited)

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(Expressed in Canadian dollars except where indicated)

## 9 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 11); June 2010: 50,000; June 2011: 50,000) and work commitments of \$2 million (June 2011: \$1.2m; June 2012: \$2m). (As at July 31, 2009: \$2.4 million incurred). Upon exercising its 49% option, a joint venture may be formed.

During the first quarter of fiscal 2010, the Company spent \$100,000 on camp cost & operations (LTD: \$449,000); drilling \$224,000 (LTD: \$609,000); G&A \$6,000 (LTD: \$109,000); geochemistry \$8,000 (LTD: \$89,000); geology \$94,000 (LTD: \$275,000); geophysics \$18,000 (LTD: \$470,000); option payments \$nil (LTD: \$117,000); and other expenses \$47,000 (LTD: \$236,000).

### 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 (\$102,000 paid; July 2011: \$28,000), issue 300,000 shares (200,000 issued (note 11); July 2010: 50,000; July 2011: 50,000) and incur exploration expenditures of \$2 million (\$1.4m 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 first quarter of fiscal 2010, the Company spent \$39,000 on camp cost & operations (LTD: \$198,000); drilling \$194,000 (LTD: \$366,000); G&A \$6,000 (LTD: \$95,000); geochemistry \$9,000 (LTD: \$50,000); geology \$30 (LTD: \$224,000); geophysics \$43,000 (LTD: \$326,000); option payments \$52,000 (LTD: \$175,000); and other expenses \$33,000 (LTD: \$163,000).

### f) Grease River, Saskatchewan

Grease River is comprised of approximately 70,000 hectares of mineral claims located in Athabasca. The property was previously optioned to Uranium Prospects Plc (terminated June 2009) whereby they had made cash payments of \$225,000, issued 1.5 million shares and reimbursed exploration expenditures at \$1.6 million.

During the first quarter of fiscal 2010, the Company spent \$nil on camp cost & operations (LTD: \$565,000); drilling \$nil (LTD: \$46,000); G&A \$8,000 (LTD: \$347,000); geochemistry \$nil (LTD: \$111,000); geology \$15,000 (LTD: \$1,120,000); geophysics \$nil (LTD: \$244,000); and other expenses \$5,000 (LTD: \$307,000). During the first quarter of fiscal 2010, the Company had reimbursements of \$nil (LTD: \$1,909,000).

# **CanAlaska Uranium Ltd.**

(An Exploration Stage Company)

Notes to the Consolidated Financial Statements

**For the three months ended July 31, 2009 and 2008**

**(Unaudited)**

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(Expressed in Canadian dollars except where indicated)

## **9 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). The Company has granted Westcan an extension to meet its exploration expenditures obligations.

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 first quarter of fiscal 2010, the Company spent \$nil on camp cost & operations (LTD: \$158,000); G&A \$nil (LTD: \$287,000); geochemistry \$nil (LTD: \$102,000); geology \$nil (LTD: \$117,000); geophysics \$nil (LTD: \$290,000); and other expenses \$nil (LTD: \$156,000). During the first quarter of fiscal 2010, the Company received reimbursements of \$nil (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). The Company has granted Westcan an extension to meet its exploration expenditures obligations.

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 first quarter of fiscal 2010, the Company spent \$nil on camp cost & operations (LTD: \$252,000); drilling \$nil (LTD: \$427,000); G&A \$nil (LTD: \$114,000); geochemistry \$nil (LTD: \$8,000); geology \$nil (LTD: \$47,000); geophysics \$nil (LTD: \$139,000); and other expenses \$nil (LTD: \$49,000). During the first quarter of fiscal 2010, the Company received reimbursements of \$nil (LTD: \$1,035,000).

# **CanAlaska Uranium Ltd.**

(An Exploration Stage Company)

Notes to the Consolidated Financial Statements

**For the three months ended July 31, 2009 and 2008**

**(Unaudited)**

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(Expressed in Canadian dollars except where indicated)

## **9 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 for significant amount of exploration across the property. This MOU lapsed, in June 2009, following continued delays due to Government aboriginal consultations. Further development on this project awaits the Government work permits. The Company and ERI are currently working on a similar size project in Saskatchewan, under a similar MOU (note 9(c)).

During the first quarter of fiscal 2010, the Company spent \$nil on camp cost & operations (LTD: \$1,362,000); drilling \$nil (LTD: \$373,000); G&A \$8,000 (LTD: \$704,000); geochemistry \$nil (LTD: \$797,000); geology \$nil (LTD: \$2,303,000); geophysics \$nil (LTD: \$905,000); and other \$2,000 (LTD: \$153,000).

### **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 first quarter of fiscal 2010, the Company spent \$nil on camp cost & operations (LTD: \$980,000); drilling \$nil (LTD: \$1,175,000); G&A \$nil (LTD: \$735,000); geochemistry \$nil (LTD: \$101,000); geology \$nil (LTD: \$333,000); geophysics \$1,000 (LTD: \$879,000); and other expenses \$3,000 (LTD: \$521,000).

### **k) Lake Athabasca, Saskatchewan**

Lake Athabasca comprises approximately 41,000 hectares of mineral claims located primarily on Lake Athabasca, southwest of Uranium City, Saskatchewan.

During the first quarter of fiscal 2010, the Company spent \$nil on camp cost & operations (LTD: \$1,820,000); drilling \$nil (LTD: \$1,056,000); G&A \$2,000 (LTD: \$636,000); geochemistry \$nil (LTD: \$94,000); geology \$1,000 (LTD: \$328,000); geophysics \$12,000 (LTD: \$1,674,000); and other expenses \$3,000 (LTD: \$294,000).

### **l) Alberta, Alberta**

Alberta comprises approximately 97,000 hectares of mineral claims covering most of the Alberta section of Lake Athabasca. During the first quarter of fiscal 2010, the Company spent \$nil on camp cost & operations (LTD: \$275,000); drilling \$nil (LTD: \$1,000); G&A \$4,000 (LTD: \$193,000); geochemistry \$nil (LTD: \$7,000); geology \$5,000 (LTD: \$17,000); geophysics \$11,000 (LTD: \$1,772,000); and other expenses \$4,000 (LTD: \$71,000).

### **m) Hodgson, Saskatchewan**

# **CanAlaska Uranium Ltd.**

(An Exploration Stage Company)

Notes to the Consolidated Financial Statements

**For the three months ended July 31, 2009 and 2008**

**(Unaudited)**

---

(Expressed in Canadian dollars except where indicated)

Hodgson comprises approximately 30,000 hectares of mineral claims west of the Cigar Lake Mine, Saskatchewan. During the first quarter of fiscal 2010, the Company spent \$nil on camp cost & operations (LTD: \$111,000); G&A \$nil (LTD: \$367,000); geochemistry \$nil (LTD: \$159,000); geology \$nil (LTD: \$22,000); geophysics \$1,000 (LTD: \$459,000); and other expenses \$8,000 (LTD: \$135,000).

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

### **n) Arnold, Saskatchewan**

Arnold comprises approximately 24,000 hectares of contiguous minerals claims located west of the producing McArthur River mine, Saskatchewan. During the first quarter of fiscal 2010, the Company spent \$nil on camp cost & operations (LTD: \$123,000); G&A \$nil (LTD: \$411,000); geochemistry \$nil (LTD: \$92,000); geology \$nil (LTD: \$25,000); geophysics \$nil (LTD: \$510,000); and other expenses \$nil (LTD: \$111,000).

### **o) 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 (50,000 issued) 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.

During the first quarter of fiscal 2010, the Company spent \$1,000 on camp cost & operations; G&A \$1,000; geochemistry \$nil; geology \$6,000; geophysics \$1,000; option share issuance \$8,000; and other expenses \$6,000.

### **p) Other Properties**

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

#### **McTavish**

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. On August 10, 2009, the Company entered into an option agreement with Kodiak Exploration Limited with regard to the McTavish project, situated in the prolific Athabasca Basin of northern Saskatchewan. 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 million in exploration and issue 1,000,000 Kodiak shares to the Company over a period of five years.

Kodiak may earn a further 10% interest in the project (60% total), by expending \$3 million in exploration/pre-feasibility work over an additional three year period, issuing an additional 550,000 Kodiak shares and producing a

# CanAlaska Uranium Ltd.

(An Exploration Stage Company)

Notes to the Consolidated Financial Statements

For the three months ended July 31, 2009 and 2008

(Unaudited)

(Expressed in Canadian dollars except where indicated)

43-101 compliant resource estimate containing at least 35 million pounds U<sub>3</sub>O<sub>8</sub> in the measured and indicated categories. By defining a resource of 50 million pounds U<sub>3</sub>O<sub>8</sub> during the same period, Kodiak's interest may increase to 70% (note 18).

## 9 Athabasca Mineral Property Interests (continued)

### Waterbury

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.

### Moon, Camsell, and Ford

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.

## 10 Other Mineral Property Interests

Project (\$000's)	Three months ended July 31, 2009				Life to Date - July 31, 2009			
	Acquisition Costs	Deferred Exploration	Writeoffs/Reimburse	Total	Acquisition Costs	Deferred Exploration	Writeoffs/Reimburse	Total
Rise & Shine, NZ (a)	(1)	-	-	(1)	300	422	(399)	323
Reefton & Other NZ Projects (b)	-	-	-	-	24	588	(481)	131
Other Projects, Various (c)	-	10	-	10	73	334	(343)	64
<b>Total</b>	<b>(1)</b>	<b>10</b>	<b>-</b>	<b>9</b>	<b>397</b>	<b>1,344</b>	<b>(1,223)</b>	<b>518</b>

Project (\$000's)	2009 Fiscal Expenditures				Life to Date - April 30, 2009			
	Acquisition Costs	Deferred Exploration	Writeoffs/Reimburse	Total	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
<b>Total</b>	<b>20</b>	<b>240</b>	<b>(521)</b>	<b>(261)</b>	<b>398</b>	<b>1,334</b>	<b>(1,223)</b>	<b>509</b>

(a) Rise and Shine, New Zealand

# CanAlaska Uranium Ltd.

(An Exploration Stage Company)

Notes to the Consolidated Financial Statements

For the three months ended July 31, 2009 and 2008

(Unaudited)

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(Expressed in Canadian dollars except where indicated)

In June 2009, the Company announced an agreement with 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 (\$1,000 paid) and the issuance of 200,000 shares in Glass Earth to the Company over the course of the program.

## 10 Other Mineral Property Interests (continued)

CanAlaska currently proportionately consolidates its 72% interest in Rise and Shine as at July 31, 2009 (note 4).

### (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.

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

In the fiscal year 2009, 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 11).

### (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, 500,000 warrants exercisable over one year at an exercise price of \$0.50 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),



# CanAlaska Uranium Ltd.

(An Exploration Stage Company)

Notes to the Consolidated Financial Statements

For the three months ended July 31, 2009 and 2008

(Unaudited)

(Expressed in Canadian dollars except where indicated)

issuing shares of 200,000 (100,000 on grant of licence and 100,000 on 1<sup>st</sup> anniversary) and making exploration expenditures of \$6 million (\$150,000 on 1<sup>st</sup> anniversary, \$100,000 on proceeding 3 anniversaries; \$2.6m on 5<sup>th</sup> anniversary and \$3m on 6<sup>th</sup> 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.

## 10 Other Mineral Property Interests (continued)

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. As of July 31, 2009, a \$75,000 provision had been recorded to against the option payment receivable. 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, the property is jointly-held with Columbia Yukon Explorations Inc.

## 11 Share Capital

The Company has an unlimited amount of authorized common shares without par value. As of July 31, 2009, the Company had 137,833,650 (April 30, 2009: 137,783,650) shares issued and outstanding.

	Number of shares 000's	Shares \$000's	Contributed surplus \$000's
Opening 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	-	(1,003)	-
Compensation expense	-	-	2,160
Closing balance – April 30, 2009	137,784	56,183	7,940
Share issuances			
Cash	-	-	-
Non-cash	50	8	-
Warrant issuances			
Cash	-	-	-

# CanAlaska Uranium Ltd.

(An Exploration Stage Company)

Notes to the Consolidated Financial Statements

For the three months ended July 31, 2009 and 2008

(Unaudited)

(Expressed in Canadian dollars except where indicated)

Non-cash	-	-	-
Share issuance expenses			
Cash	-	(1)	-
Non-cash	-	-	-
Compensation expense	-	-	492
<b>Closing Balance – July 31, 2009</b>	<b>137,834</b>	<b>56,190</b>	<b>8,432</b>

## 11 Share Capital (continued)

For the three months ended July 31, 2009, the weighted average number of common shares outstanding was 137,793,433 (April 30, 2009: 137,160,228).

### Share issuances

In August, 2009, the Company issued 5,826,764 flow-through units for gross proceeds of \$990,550. 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 common share for a period of twenty-four months from the closing date, at a price of \$0.24 per warrant share. A finder's fee of \$49,528 in cash and 277,837 compensation options were issued in connection with the financing. Each broker option entitles the holder to purchase one additional common share of the Company at an exercise price of \$0.17 per share for a period of twenty-four months from the closing date.

In July 2009, the Company issued 50,000 shares under the option agreement of Collins Bay Extension uranium project. (note 9(o)). In February 2009, the Company issued 10,000 shares for property access rights in NZ.

In December 2008, the Company issued 40,000 common shares under the Kasmere option agreement (note 10(c)). In September 2008, the Company issued 100,000 common shares respectively for the Black Lake and Fond du Lac properties (notes 9 (d) and (e)).

On May 29, 2008, the Company issued 10,922,660 flow-through units for gross proceeds of \$3.7 million. 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.

### 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.

## 12 Share Stock Options and Warrants

# CanAlaska Uranium Ltd.

(An Exploration Stage Company)

Notes to the Consolidated Financial Statements

For the three months ended July 31, 2009 and 2008

(Unaudited)

(Expressed in Canadian dollars except where indicated)

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.

## 12 Share Stock Options and Warrants (continued)

	Number of options 000's	Weighted average exercise price \$
Outstanding - May 1, 2009	21,372	0.36
Granted	2,330	0.19
Cancelled	-	-
Exercised	-	-
Expired	-	-
Forfeited	(1,754)	0.45
<b>Outstanding – July 31, 2009</b>	<b>21,948</b>	<b>0.34</b>

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

As at July 31, 2009, the following stock options were outstanding:

Number of options outstanding 000's	Exercise price \$	Expiry date (Fiscal Year)
490	\$0.40 - \$0.45	2010
2,388	\$0.35 - \$0.585	2011
2,773	\$0.50 - \$0.75	2012
7,167	\$0.40 - \$0.70	2013
6,835	\$0.12 - \$0.40	2014
2,295	\$0.19	2015
<b>Total</b>	<b>21,948</b>	

Stock options vest over various time periods. As at July 31, 2009, 13,730,000 stock options were vested and exercisable.

# CanAlaska Uranium Ltd.

(An Exploration Stage Company)

Notes to the Consolidated Financial Statements

For the three months ended July 31, 2009 and 2008

(Unaudited)

(Expressed in Canadian dollars except where indicated)

For the three months ended July 31, 2009, total stock-based compensation expense was \$0.5 million (July 31, 2008: \$0.5m) of which \$0.1m was capitalized (July 31, 2008: \$0.2m).

## 12 Share Stock Options and Warrants (continued)

### Warrants

	Number of warrants 000's	Weighted average exercise price \$
Outstanding - May 1, 2009	6,307	0.50
Granted	-	-
Exercised	-	-
Expired	-	-
<b>Outstanding – July 31, 2009</b>	<b>6,307</b>	<b>0.50</b>

	Number of warrants 000's	Weighted average exercise price \$
Outstanding - May 1, 2008	12,380	0.57
Granted	6,307	0.50
Exercised	-	-
Expired	(12,380)	0.57
<b>Outstanding – April 30, 2009</b>	<b>6,307</b>	<b>0.50</b>

In May 2008, 5,461,329 warrants were issued in connection with a flow-through unit offering (note 11). In addition, 345,589 warrants were issued as finders fees (note 11). In December 2008, the Company issued 500,000 warrants at \$0.50 for the Kasmere property (note 10(c)).

At July 31, 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
<b>Total</b>	<b>6,307</b>	

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:

**CanAlaska Uranium Ltd.**  
 (An Exploration Stage Company)  
 Notes to the Consolidated Financial Statements  
**For the three months ended July 31, 2009 and 2008**  
**(Unaudited)**

(Expressed in Canadian dollars except where indicated)

**12 Share Stock Options and Warrants (continued)**

	<b>Warrants</b>	<b>Options</b>
Risk-free interest rate	1.2% to 3.2%	1.4% to 4.6%
Expected life	1 year	2.8 to 5 years
Expected volatility	74% to 135%	76% to 135%
Expected dividend	0%	0%

**13 Accumulated Other Comprehensive Income**

	<b>July 31, 2009</b>	<b>April 30, 2009</b>
	<b>\$000's</b>	<b>\$000's</b>
Opening balance	9	166
Unrealized loss on available-for-sale securities (note 6)	(48)	(157)
<b>Closing balance</b>	<b>(39)</b>	<b>9</b>

**14 Related Party Transactions**

	<b>July 31, 2009</b>	<b>July 31, 2008</b>
	<b>\$000's</b>	<b>\$000's</b>
Engineering and consulting fee to the Vice-President Exploration	48	52
Accounting fees to a company controlled by the former Chief Financial Officer	2	15

The VP Exploration currently provides his services through a consulting company and is therefore disclosed above. The former Chief Financial Officer has billed his time through a consulting company. 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 first three months of the fiscal year, \$11,644, (July 31, 2008: \$19,694) has been accrued to directors. At period end, \$4,500 (April 30, 2009: \$10,326) is owing to directors. This is due on demand and is non-interest bearing.

# CanAlaska Uranium Ltd.

(An Exploration Stage Company)

Notes to the Consolidated Financial Statements

For the three months ended July 31, 2009 and 2008

(Unaudited)

(Expressed in Canadian dollars except where indicated)

## 15 Commitments

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

<b>Fiscal Year Ending</b>	<b>Total \$000's</b>
2010	167
2011	201
2012	84
2013	7
2014	1
Thereafter	4
	<b>464</b>

The Company has outstanding and future commitments under mineral properties option agreements to pay cash and/ or issue common shares of the Company (note 9).

## 16 Geographic Segmented Information

<b>July 31, 2009 (\$000's)</b>	<b>Canada</b>	<b>U.S.A.</b>	<b>New Zealand</b>	<b>Total</b>
Non-current Assets	41,973	1	134	42,108
Assets	47,588	4	528	48,120
Loss for the Year	964	-	(2)	962

<b>April 30, 2009 (\$000's)</b>	<b>Canada</b>	<b>U.S.A.</b>	<b>New Zealand</b>	<b>Total</b>
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

## 17 Subsequent Events

Subsequent to the period ended July 31, 2009, the following events occurred:

# **CanAlaska Uranium Ltd.**

(An Exploration Stage Company)

Notes to the Consolidated Financial Statements

**For the three months ended July 31, 2009 and 2008**

**(Unaudited)**

---

(Expressed in Canadian dollars except where indicated)

## **McTavish Option Agreement**

On August 10, 2009, the Company has entered into an option agreement with Kodiak Exploration Limited with regard to the McTavish project (note 9 (p)).

## **Private Placement**

In August, 2009, the Company issued 5,826,764 flow-through units for gross proceeds of \$990,550 (note 11).