

Amended and Restated

**XEMPLAR ENERGY CORP.
MANAGEMENT DISCUSSION AND ANALYSIS
THREE MONTH PERIOD ENDED MARCH 31, 2007**

MANAGEMENT DISCUSSION AND ANALYSIS (MD&A) OF THE COMPANY'S FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following MD&A with its effective date of May 28, 2007 for Xemplar Energy Corp. (the "Company") should be read in conjunction with the Company's financial statements for the three month period ended March 31, 2007. The financial information in this MD&A is derived from the Company's financial statements which have been prepared in accordance with Canadian generally accepted accounting principles.

All monetary amounts in this MD&A and in the Company's consolidated financial statements are expressed in Canadian dollars, unless otherwise stated. The Company's financial statements include the results of the operations of the Company's wholly owned subsidiary Namura Mineral Resources (Pty) Ltd. for the three month period ended March 31, 2007.

This MD&A may contain forward looking statements and information based on assumptions and judgments of management regarding events or results that may prove to be inaccurate as a result of factors beyond its control. Actual results may differ materially from the expected results.

Description of Business and Overall Performance

The Company was incorporated on January 12, 1979 under the laws of British Columbia. On July 11, 2005, the Company changed its name from Consolidated Petroquin Resources Limited to Xemplar Energy Corp. as it changed its business focus from development of oil and gas properties to acquiring, exploring and developing mineral properties. The Company is currently focused on the development and exploration of uranium properties in Canada and Namibia.

Corhill Uranium Property, Northwest Territories

By an agreement dated July 7, 2005, the Company acquired a 100-per-cent interest in the Corhill uranium-gold-platinum property located north northwest of Yellowknife, Northwest Territories. Upon commencement of commercial production, the vendors will be entitled to a net smelter royalty of 2% on all minerals. The Company can buy down to a 1% net smelter royalty at a cost of \$1,000,000. The purchase price of \$185,000 was paid by issuance of 500,000 shares of the Company and payment of \$65,000 cash.

The Corhill property comprises 18 mineral claims and covers 30,628 acres. The claims straddle the NWT / Nunavut border and are approximately 312 miles NNW of Yellowknife and 90 miles SW of Kugluktuk (Coppermine). The property holds significant potential for Athabasca Basin-type unconformity uranium deposits and the genetically related Coronation Hill (Australia) type mineralization with associated gold and platinum group metals. The property geology is structurally controlled and shows the results of unconformity-related mineralization processes. The Company's objective is to discover world-class, high-grade uranium deposits, similar to those found in the Athabasca Basin in Saskatchewan.

In July 2006, the Company farmed out 70% interest of the Corhill Property to Garuda Capital Corp. The Company had received \$50,000 and 2,000,000 common shares of Garuda pursuant to the property option agreement. Garuda was required to incur \$1,500,000 exploration expenditures over a three-year period, \$300,000 of which must be incurred before January 7, 2007. The Company retains a 2% NSR in the property. In this manner, the Company reduces its exploration expenditure on the Corhill property, at the same time the Company acquires securities (shares and cash) from its partner in addition to the exploration funding. This allows the Company to focus on other early-stage 100% owned properties.

As of date of report, Garuda failed to meet their obligations. According to the terms of the agreement, Garuda is required to incur \$300,000 exploration expenditure on the property before January 7, 2007 as its first year commitment. So far, Garuda paid only \$100,000 in cash as part of its exploration expenditures. Garuda has not fully complied with the terms of the property option agreement. The parties are currently negotiating revised terms to the option agreement.

Otish Uranium Property, Quebec

By an agreement dated September 28, 2005, the Company acquired a 100-per-cent interest in the Otish Uranium Property located north of St-Jean, Otish Basin of Quebec. Upon commencement of commercial production, the vendors will be entitled to a net smelter royalty of 2% of all minerals. The Company can buy down to a 1% net smelter royalty at a cost of \$1,000,000. The purchase price of \$1,185,000 was paid by issuance of 3,000,000 shares of the Company and payment of \$375,000 cash.

The Otish Property is located in Central Quebec, 310 km northeast of the City of Chibougamau. The property consists of 1159 claims in three contiguous blocks, encompassed approximately 147,663 acres. The property is within the Otish Basin that has a rich history of Uranium exploration starting in the late sixties and lasting until 1985. Past exploration for uranium in the Otish Basin, because of its many similarities with the uranium rich Athabasca Basin in Saskatchewan, focused on finding unconformity associated with uranium deposits. The Company has started a data compilation of all previous exploration work. They will be used to prioritize existing drill targets and to generate new drill targets. The Company will use modern exploration methods to search for Athabasca-type unconformity uranium deposits in a classic setting, where uranium concentrating process works. In May, 2006, the Company staked an additional 166 claims contiguous to the Otish properties at a cost of \$19,397.

The Company started and completed the airborne geophysical survey on the property in the fourth quarter 2006. The airborne survey was flown by Aeroquest Ltd. The survey covered 1,740 km on 200m spaced lines. The survey detected a 20 km² Archean greenstone belt under shallow cover of proterozoic sediments of the Otish Basin. This belt features long linear magnetic and conductive trends and an historic uranium showing (Lorenz Gully) on Xemplar's properties. The airborne survey also mapped long linear fault zones. This includes a 6km long fault zone with an historic drill intercept of 0.45% U₂O₈ over 1 m. The Company is reviewing the data collected from the survey and no decision on further exploration plan has been made.

Cumulative to March 30, 2007, exploration expenditure on the Otish property was \$564,928, of which \$376,511 was spent in 2006 including \$263,317 airborne survey cost. In the first quarter 2007, the Company incurred exploration expense \$188,417 of which \$181,467 was claim renewal fee paid to the Quebec Authority and geological consulting fees of \$6,950 to maintain the properties in good standing.

Namibian Uranium Properties, Africa

By an agreement dated March 22, 2006, the Company acquired all of the outstanding shares of Namura Mineral Resources (Pty) Ltd. ("Namura"). Namura is a private company incorporated in the Republic of Namibia, a mining friendly country in Africa. At the date of acquisition, Namura is the beneficial holder of three exclusive reconnaissance licenses (ERL) covering uranium exploration properties in Namibia. It is also the registered holder of a fourth pending ERL application. These ERLs cover various uranium occurrences and uranium mineralization types, which include Rossing, Langer Heinrich and sandstone-conglomerate and siltstone hosted epigenetic/diagenetic type deposits. The Rossing uranium mine has been in production for more than 30 years has produced between 2,000 and 4,000 tonnes/annually. Paladin's Langer Heinrich deposit has begun pre-selling future mining production and in January 2006 announced two contracts of more than 2 million pounds of uranium oxide. The Company hopes to take the opportunity to repeat that winning formula with its uranium deposits. Consideration for the purchase is payment of \$600,000 cash and issuance of 6,000,000 shares of the Company. Each property is subject to a 3% net smelter return royalty. The Company has the right to reduce the royalty to 1.5% on each property by paying \$3,000,000 per property.

At the date of report, through its subsidiary in Namibia the Company was awarded six exclusive prospecting licenses (EPL) covering the Cap Cross Uranium project, Aus Uranium project and Warmbad Uranium project. With these EPLs, the Company can now start exploration programs including detailed airborne and ground radiometrics, ground radon surveys, percussion drilling, radiometric borehole logging and sampling on the area.

In addition to the six EPLs, the Company was also awarded an exclusive reconnaissance license (ERL) over the Engo Valley Uranium Deposit in Namibia. This licence covers an area of approximately 1,239 Km² (123,904 ha or 306,172 acres). An ERL entitles the holder to an exclusive right and a preferential right over the area held. The Engo Valley uranium deposit lies within a Permo-Triassic age Karoo sediments. These sediments are quite extensive in this part of Namibia and little work has been done to explore for this type of occurrence. It is the Company's intention to explore all of these occurrences within the licence area. The Engo Valley Uranium deposit is a significant resource for the Company and it intends to proceed with its development as quickly as possible.

Exploration Expenditures by Property

The Company's expenditures to explore its mineral properties are capitalized. During the three months ended March 31 2007, the Company exploration expenditures were \$1,169,124 with 84% of the expenditures being incurred on the Namibian Property.

A summary of capitalized acquisition and exploration expenditures on the Company's properties for the three months ended March 31, 2007 is as follows:

Mineral Properties	Corhill	Otish	Namibian	Total
	\$	\$	\$	\$
Acquisition costs				
Balance Dec 31, 2006	144,657	1,204,397	3,341,172	4,690,226
Additions during the year	-	-	-	-
Balance March 31, 2007	144,657	1,204,397	3,341,172	4,690,226
Exploration costs				
Balance Dec 31, 2006	144,009	376,511	274,263	794,783
Additions during the period :				
Accounting, legal and general	-	-	28,196	28,196
Camp, field supplies & transport	-	-	12,505	12,505
Equipment rental and repairs	-	-	49,686	49,686
Fees, licenses and permits		181,467	61,274	242,741
Geological and geophysical		6,950	570,099	583,999
Survey, evaluation, mapping	-	-	246,233	246,233
Travel	-	-	12,714	12,714
Total additions during the period	-	188,417	980,707	1,169,124
Balance March 31, 2007	144,009	564,928	1,254,970	1,963,907
Cumulative Mineral Property Expenditures as at March 31,2007				
Acquisition	144,657	1,204,397	3,341,172	4,690,226
Exploration	144,009	564,928	1,254,970	1,963,907
Total:	288,666	1,769,325	4,596,142	6,654,133

Results of Operations

The Company had no producing properties, and consequently no sales or revenues. Investment income consisted of interest income which was generated primarily from private placements funds, and accordingly this amount will fluctuate, depending on the time of year that the Company completes its private placement financings. During the quarter, the Company earned \$32,425 interest income.

In the first quarter ended March 31, 2007, the Company incurred a net loss of \$461,279. This compares to a loss of \$206,418 reported for the corresponding period of 2006. General and administrative expenses in the current quarter was \$493,704 (2006 - \$206,746), representing an increase of \$286,958. One major reason for the difference was attributable to the stock based compensation (2007 - \$273,036, 2006 -120,705) due to the stock options granted. Aside from the difference in stock-based compensation, two major contributors to the higher expense were professional fees and consulting fees. In the first quarter 2007, the professional fees were \$109,478 (2006 – \$13,083). Professional fees include legal, audit, accounting and other professional services. The Company's Namibian subsidiary was not in operation in the first quarter 2006 and therefore no such cost was included. The consulting fees were increased by \$36,647 compared to the same quarter 2006 because no such cost incurred in Namibia. The overall increase in these two categories was a result of the Company's operation in Namibia.

Summary of Quarterly Results

The following tables summarize information derived from the Company's financial statements for each of the eight most recently completed quarters:

Quarter Ended	Mar 31	Dec 31	Sep 30	Jun 30	Mar 31	Dec 31	Sep 30	Jun 30
Year	2007	2006	2006	2006	2006	2005	2005	2005
Total Revenues	\$ Nil	\$ Nil	\$ Nil	\$ Nil	\$ Nil	\$ Nil	\$ Nil	\$ Nil
Net Income (Loss)	(461,279)	(280,633)	(654,934)	(954,983)	(206,418)	(516,153)	(63,356)	(50,492)
Basic & Diluted Income(Loss) per share	(0.01)	(0.00)	(0.00)	(0.00)	(0.01)	(0.02)	(0.01)	(0.01)

Significant variances in the Company's report loss from quarter to quarter are largely due to the granting of stock options, which results in the recording of amounts for stock-based compensation expense.

The large increase in net loss from the third quarter 2005 to the fourth quarter was the result of a \$480,810 in stock based compensation expense being included. The stock-based compensation expenses for the quarters commencing from the first quarter 2006 were: Q1 2006 - \$120,705, Q2 2006- \$736,660, Q3 2006 -\$565,125, Q4 2006 - \$250,446, Q1 2007 -\$273,036. Aside from the stock-based compensation expense, other general and administrative expense was relatively consistent except in the first quarter 2007 when professional fees and consulting fees had also increased due to the Company's operation in Namibia.

Liquidity and Capital Resources

At March 31, 2007, the Company reported a net working capital of \$9,804,954 compared to a net working capital of \$4,826,811 as at December 31, 2006, representing an increase in working capital by \$4,978,143. The increase in working capital was attributed to the cash received by the Company as a result of warrants and stock options exercised. The Company had sufficient funds to cover its working capital and explorations in 2007.

As of March 31, 2007, the Company had cash balance of \$9.7million and expects to receive more funds from warrants exercised. The Company has been successful in raising the above funds. However, there is no assurance that equity funding will be accessible to the Company at the times and in the amounts required to fund the Company's activities. The Company is dependent on investor sentiment remaining positive towards the mining exploration sector so that funds can be raised through the sale of its securities. Many factors have an influence on investor sentiment, including a positive climate for mineral exploration, a company's track record and the experience of a company's management. The other sources of funds potentially available to the Company are through the exercise of outstanding warrants and stock options. The Company remains dependent on management and its shareholders to ensure that sufficient funds are obtained.

Off-Balance Sheet Arrangements

The Company has no long term debt, does not have any used lines of credit or other arrangements in place to borrow funds, and has no off-balance sheet arrangements.

Transactions with Related Parties

During the quarter ended March 31, 2007, the Company entered into the following transactions with related parties:

- a) Professional fees of \$4,500 (2006 - \$4,500) incurred for accounting services provided by a company owned by one of the directors of the Company.
- b) Consulting fees of \$15,000 (2006 - \$15,000) were paid to a company related to a director of the Company.
- c) Rental fees of \$3,000 (2006 - \$3,000) were paid to a company owned by one of the directors of the Company.

Changes in accounting policies including initial adoption

Effective January 1, 2007, the Company adopted CICA Handbook Section 1530, Comprehensive Income, CICA Handbook Section 3855, Financial Instruments – Recognition and Measurement, and CICA Handbook Section 3865, Hedges. These new Handbook Sections provide comprehensive requirements for the recognition and measurement of financial instruments, as well as standards on when and how hedge accounting may be applied. Handbook Section 1530 also introduces a new component of equity referred to as comprehensive income.

As at March 31, 2007, the Company had no accumulated other comprehensive income and for the three months ended March 31, 2007, comprehensive income (loss) equals net loss, and as such, a statement of comprehensive income has not been included in these financial statements for the three month period ended March 31, 2007. The Company currently does not have any financial instruments which qualify for hedge accounting.

Financial Instruments

The Company's financial instruments consist of cash, receivables and accounts payable. Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from these financial statements. The fair value of these financial instruments approximates their carrying values, unless otherwise noted.

Outstanding Share Data as at May 28, 2007

The Company is authorized to issue unlimited common shares without par value. As at May 28, 2007, there were 107,440,803 outstanding common shares compared to 79,769,707 outstanding shares at December 31, 2006. The increase resulted from the issuance of shares pursuant to the exercise of warrants and stock options.

There were a total of 3,666,666 warrants outstanding that had a conversion price of \$0.30. If these warrants were to be converted, it would put an additional \$1,099,999 into the Company's Treasury. There were 7,200,000 stock options outstanding under the Company's incentive stock option plan. These stock options are exercisable at prices ranging from \$0.2 to \$1.90, with expiry dates ranging to May 9, 2012.

Disclosure Controls and Procedures

The Company has established and maintained disclosure controls and procedures and internal control over financial reporting. There was no change in the Company's internal control over financing reporting during the Company's most recent interim period that has materially affected, or is reasonably likely to materially affect the Company's internal control over financial reporting.

The Company has very limited administrative staffing. As a result, internal controls which rely on segregation of duties in many cases are not appropriate or possible. Management has implemented certain controls such as frequent reviews and regular preparations of reconciliations of transactions to ensure absence of material irregularities. Management has evaluated the effectiveness of the design and operation of the Company's disclosure controls and procedures as of March 31, 2007 and concluded that they were effective.