

**Amended and Restated**

**XEMPLAR ENERGY CORP.  
CONSOLIDATED FINANCIAL STATEMENTS  
NINE MONTHS ENDED SEPTEMBER 30, 2007  
(UNAUDITED – PREPARED BY MANAGEMENT)**

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**Notice to Reader**

The attached financial statements have been prepared by Management of Xemplar Energy Corp. and have not been reviewed by the auditor of Xemplar Energy Corp.

Amended and Restated

XEMPLAR ENERGY CORP.  
CONSOLIDATED BALANCE SHEET  
SEPTEMBER 30, 2007  
(Expressed in Canadian dollars)  
(Unaudited)

	September 30, 2007	December 31, 2006
<b>ASSETS</b>		
<b>Current</b>		
Cash and cash equivalent	\$ 10,414,436	\$ 4,758,790
Accounts receivable	16,277	87,388
Deposits and prepaid expenses	421,277	24,700
	10,851,990	4,870,878
<b>Computer &amp; Office Equipment (Note 4)</b>	30,394	5,052
<b>Exploration Equipment (Note 4)</b>	75,735	-
<b>Motor Vehicles (Note 4)</b>	570,630	-
<b>Mineral Properties (Note 3)</b>	7,340,262	5,485,009
	\$ 18,869,011	\$ 10,360,939
<b>LIABILITIES</b>		
<b>Current</b>		
Accounts payable	\$ 391,181	\$ 44,067
	391,181	44,067
<b>Due to related parties</b>	-	-
	391,181	44,067
<b>SHAREHOLDERS' DEFICIENCY</b>		
<b>Share Capital (Note 5)</b>	23,850,321	13,943,150
<b>Contributed Surplus</b>	4,640,016	2,092,306
<b>Deficit</b>	( 9,962,507)	( 5,718,584)
	18,527,830	10,316,872
	\$ 18,919,011	\$ 10,360,939

APPROVED BY DIRECTORS

"W.G. McDowall"  
W. G. McDowall

"Simon Tam"  
Simon Tam

See accompanying notes

Amended and Restated

**XEMPLAR ENERGY CORP.**  
**CONSOLIDATED STATEMENT OF OPERATIONS AND DEFICIT**  
**NINE MONTHS ENDED SEPTEMBER 30, 2007**  
**(Expressed in Canadian dollars)**  
**(Unaudited)**

	<b>Three Months Ended September 30 2007</b>	<b>Three Months Ended September 30 2006</b>	<b>Nine Months Ended September 30 2007</b>	<b>Nine Months Ended September 30 2006</b>
<b>INCOME</b>				
Interest	\$ 20,653	\$ 57,399	\$ 56,312	\$ 58,650
Properties option	-	-	-	-
	<u>20,653</u>	<u>57,399</u>	<u>56,312</u>	<u>58,650</u>
<b>ADMINISTRATIVE EXPENSES</b>				
Amortization	54,932	-	55,690	-
Bank charges and interest	2,386	244	4,239	1,272
Consulting fees	438,787	60,000	524,434	131,757
Directors fees	-	7,500	-	22,500
Office and general	25,547	3,631	74,437	10,642
Marketing and promotion	72,990	44,566	117,631	100,559
Professional fees	314,684	13,477	544,335	97,893
Rent	19,353	1,500	36,888	4,500
Shareholder relations	5,829	354	26,500	4,790
Stock based compensation (Note 9)	595,870	565,125	2,819,999	1,422,490
Telephone	24,903	8,866	55,060	17,102
Transfer agent and exchange fees	17,721	7,010	41,022	60,557
	<u>1,573,002</u>	<u>712,333</u>	<u>4,300,235</u>	<u>1,874,062</u>
<b>LOSS FOR THE PERIOD</b>	<b>( 1,552,349 )</b>	<b>( 654,934 )</b>	<b>( 4,243,923 )</b>	<b>( 1,815,412 )</b>
<b>DEFICIT, BEGINNING OF PERIOD</b>	<b>( 8,410,158 )</b>	<b>( 4,782,094 )</b>	<b>( 5,718,584 )</b>	<b>( 3,621,616 )</b>
<b>DEFICIT, END OF PERIOD</b>	<b>\$ ( 9,962,507 )</b>	<b>\$ ( 5,437,028 )</b>	<b>\$ ( 9,962,507 )</b>	<b>\$ ( 5,437,028 )</b>
<b>LOSS PER SHARE</b>	<b>\$ ( 0.01 )</b>	<b>\$ ( 0.00 )</b>	<b>\$ ( 0.04 )</b>	<b>\$ ( 0.01 )</b>
<b>Weighted average number of common shares outstanding</b>	<b>107,540,803</b>	<b>78,129,707</b>	<b>98,716,342</b>	<b>66,320,738</b>

See accompanying notes

Amended and Restated

**XEMPLAR ENERGY CORP.**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**NINE MONTHS ENDED SEPTEMBER 30, 2007**  
**(Expressed in Canadian dollars)**  
**(Unaudited)**

	<b>Three Months Ended September 30 2007</b>	<b>Three Months Ended September 30 2006</b>	<b>Nine Months Ended September 30 2007</b>	<b>Nine Months Ended September 30 2006</b>
<b>CASH PROVIDED BY (USED IN)</b>				
<b>OPERATING ACTIVITIES</b>				
Loss for the period	\$( 1,552,349 )	\$ ( 654,934 )	\$( 4,243,923 )	\$( 1,815,412 )
Items not involving cash				
Amortization	54,932	-	55,690	-
Stock based compensation	595,870	565,125	2,819,999	1,422,490
Changes in non-cash working capital items				
Accounts receivable	( 5,864 )	( 169 )	71,111	( 3,823 )
Deposits and prepaid Expense	( 319,697 )	( 114,473 )	( 396,577 )	( 134,473 )
Accounts payable	360,532	( 7,383 )	347,114	( 14,618 )
Due to related parties	-	-	-	( 40,000 )
	( 866,577 )	( 211,834 )	( 1,346,587 )	( 585,836 )
<b>FINANCING ACTIVITIES</b>				
Shares issued for cash	-	190,000	9,634,882	8,798,054
Long term debt	-	-	-	-
	-	190,000	9,634,882	8,798,054
<b>INVESTING ACTIVITIES</b>				
Equipment & Vehicles	( 727,397 )	-	( 727,397 )	( 16,259 )
Incorporation cost	-	-	-	( 900 )
Mineral properties	( 573,017 )	( 42,661 )	( 1,905,252 )	( 3,258,969 )
	( 1,300,414 )	( 42,661 )	( 2,632,649 )	( 3,276,128 )
<b>INCREASE (DECREASE) IN CASH</b>	( 2,166,991 )	( 64,495 )	5,655,646	4,936,090
<b>CASH, BEGINNING</b>	12,581,427	5,000,642	4,758,790	57
<b>CASH, ENDING</b>	\$ 10,414,436	\$ 4,936,147	\$ 10,414,436	\$ 4,936,147

See accompanying notes

**XEMPLAR ENERGY CORP.  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
NINE MONTHS ENDED SEPTEMBER 30, 2007  
(Expressed in Canadian dollars)  
(Unaudited)**

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## **1. NATURE OF OPERATIONS**

Xemplar Energy Corp. and its subsidiary (collectively the "Company") is a development stage company and is engaged principally in the acquisition, exploration and development of mineral properties.

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles on a going concern, which presumes the realization of assets and discharge of liabilities in the normal course of business for the foreseeable future. The Company's ability to continue as a going concern is dependent upon achieving profitable operations and upon obtaining additional financing. The outcome of these matters cannot be predicted at this time. These financial statements do not include any adjustments to the amounts and classification of assets and liabilities that might be necessary should the Company be unable to continue in business.

The recoverability of amounts shown as mineral properties and deferred exploration costs is dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete their development, and future profitable production or disposition thereof.

Although the Company has taken steps to verify title to mineral properties in which it has an interest, in accordance with the industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Property may be subject to unregistered prior agreements and non-compliance with regulatory requirements.

## **2. SIGNIFICANT ACCOUNTING POLICIES**

### **Basis of Consolidation**

These consolidated financial statements include the accounts of the Company and its wholly-owned Namibia subsidiary, Namura Mineral Resources (Pty) Ltd. (NMR). The Company acquired 100% interest in the capital stock of NMR in May, 2006.

### **Cash and cash equivalents**

Cash and cash equivalents represent cash on deposit and term deposits having terms to maturity of 90 days or less when acquired.

### **Mineral properties and deferred exploration and development expenditures**

Mineral properties consist of exploration and mining rights, options and claims. Acquisition and leasehold costs and exploration costs are capitalized and deferred until such time as the property is put into production or the property is disposed of either through sale or abandonment. If put into production, the costs of acquisition and exploration will be written off over the life of the property, based on estimated economic reserves. Proceeds received from the sale of any interest in a property will first be credited against the carrying value of the property, with any excess included in operations for the period. If a property is abandoned, the property and any related deferred exploration costs will be written off to operations.

Recorded costs of mineral properties and deferred exploration and development expenditure are not intended to reflect present or future values of mineral properties.

**XEMPLAR ENERGY CORP.**  
**NOTES TO FINANCIAL STATEMENTS**  
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**2. SIGNIFICANT ACCOUNTING POLICIES - Continued**

Property, plant and Equipment

Property, plant and equipment is recorded at cost.

Amortization of property, plant and equipment is recorded on the diminishing balance method at the following rates.

Computer & Office Equipment	30%
Exploration Equipment	30%
Motor Vehicles	30%

These rates are reduced by 50% in the year of acquisition.

Earnings (loss) per share

Basic earnings (loss) per share is computed using the weighted average number of common shares outstanding using the year. Diluted earnings (loss) per share amounts are calculated giving effect to the potential dilution that would occur if securities or other contracts to issue common shares were exercised or converted to common shares using the treasury stock method. The treasury stock method assumes that proceeds received from the exercise of stock options and warrants are used to repurchase common shares at their prevailing market rate.

Use of Estimates

The preparation of the Company's financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements, and the amount of revenues and expenses recognized during the reporting period. To these financial statements, the most significant application of estimates is in the assessment of the underlying value of mining properties. Actual results and values could differ from those estimates and these differences could have a material impact on the financial statements.

Income Taxes

Income taxes are accounted for using the future income tax method. Under this method, income taxes are recognized for the estimated income taxes payable for the current year and future income taxes are recognized for temporary differences between the tax and accounting bases of assets and liabilities and for the benefit of losses available to be carried forward for tax purposes that are likely to be realized. Future income tax assets and liabilities are measured using tax rates expected to apply in the years in which the temporary differences are expected to be recovered or settled.

Stock-Based Compensation Plans

The Company accounts for stock based compensation using the fair value method for all direct awards of stocks. The fair value of the options granted are estimated at the date of grant using the Black-Scholes Option Pricing model with assumptions for risk-free interest rates, dividend yields, and volatility factors of the expected life of the options. The fair value of direct awards of stock is determined by the quoted price of the Company's stock.

**XEMPLAR ENERGY CORP.**  
**NOTES TO FINANCIAL STATEMENTS**  
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**2. SIGNIFICANT ACCOUNTING POLICIES - Continued**

Financial Instruments

All significant financial assets, liabilities and equity instruments of the Company are either recognized or disclosed in the financial statements together with other information relevant for making a reasonable assessment of future cash flows, interest rate risk and credit risk. Where practicable, the fair values of financial assets and financial liabilities have been determined and disclosed; otherwise, only available information pertinent to fair value has been disclosed.

Comparative figures

Certain comparative figures have been reclassified to conform to the financial statement presentation adopted in the current period.

Change in accounting policies

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 component of equity referred to as comprehensive income.

Under these new standards, all financial instruments, including derivatives, are included on the consolidated balance sheet and are measured either at fair market value or, in limited circumstances, at cost or amortized cost. Derivatives that qualify as hedging instruments must be designated as either a “cash flow hedge,” when the hedged item is a future cash flow, or a “fair value hedge,” when the hedge item is a recognized asset or liability. The unrealized gains and losses related to a cash flow hedge are included in other comprehensive income. For a fair value hedge, both the derivative and the hedged item are recorded at fair market value in the consolidated balance sheet, and unrealized gains and losses from both items are included in earnings. For derivatives that do not qualify as hedging instruments, unrealized gains and losses are reported in earnings.

These standards have been applied prospectively and therefore comparative amounts for prior periods have not been restated.

As at September 30, 2007, the Company had no accumulated other comprehensive income and for the nine months ended September 30, 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 nine month period ended September 30, 2007. The Company currently does not have any financial instruments which qualify for hedge accounting.

**XEMPLAR ENERGY CORP.**  
**NOTES TO FINANCIAL STATEMENTS**  
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**3. MINERAL PROPERTIES**

	Acquisition Costs	Exploration And Development Expenditures	September 2007 Total	2006 Total
Corhill Property	\$ 144,657	\$ 148,727	\$ 293,384	\$ 288,666
Otish Basin Property	1,204,397	564,928	1,769,325	1,580,908
Namibia Uranium Property	3,341,172	1,986,381	5,327,553	3,615,435
	<u>\$ 4,690,226</u>	<u>\$ 2,700,036</u>	<u>\$ 7,390,262</u>	<u>\$ 5,485,009</u>

**Corhill Property, Northwest Territories**

The Company holds a 100% interest in the 18 mineral claims referred to as the Corhill uranium-gold-platinum property located 312 miles northwest of Yellowknife, Northwest Territories. Consideration given for this property was \$50,000 and 500,000 shares to the Vendor. The Company also paid \$15,000 for the finder's fee. As of June 30, 2007 the Company incurred \$144,009 exploration expenditure on the property.

On July 7 2006, the Company entered into an option agreement with Garuda Ventures Canada Inc. ("Garuda") allowing Garuda to acquire 70% interest in the Corhill Property by paying \$50,000 (paid), issuing 2,000,000 shares (issued) to the Company, and incurring \$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. As at quarter end, Garuda failed to meet its obligations.

**Otish Basin Property, Quebec**

The Company acquired a 100% interest in the Otish Basin Uranium Property entailing 1,159 mineral claims covering approximately 14,663 acres located 310 kilometres northeast of the City of Chibougamau in central Quebec. Consideration given for this property was \$300,000 and 3,000,000 shares to the Vendor. The Company also paid \$75,000 for the finder's fee. In May, 2006, the Company staked an additional 166 claims on the Otish properties for costs of \$19,397. As of September 30, 2007, the Company incurred \$564,928 exploration expense on the property.

**Namibia Uranium Properties, Africa**

On May 26, 2006, the Company acquired all the issued and outstanding shares of Namura, a company based in the Republic of Namibia. The Company paid \$600,000 in cash and issued 6,000,000 shares of the Company. Namura is the beneficial holder of three Exclusive Reconnaissance Licenses covering uranium exploration properties in Namibia. Each of the properties is subject to a 3% net smelter return royalty. The Company has the rights to reduce the royalty to 1.5% on each property by paying \$3,000,000 per property to the vendors. As of September 30, 2007, the Company and its subsidiary combined to incur \$1,986,381 exploration expenditure on the property.

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**NOTES TO FINANCIAL STATEMENTS**  
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**4. EQUIPMENT**

	September 30, 2007			2006
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Computer & office Equipment	\$ 35,564	\$ 4,446	\$ 30,394	\$ 5,052
Exploration Equipment	82,179	6,444	75,735	-
Motor Vehicles	616,897	46,267	570,630	-

**5. SHARE CAPITAL**

- a) Authorized – unlimited common shares without par value.
- b) Issued and outstanding

	Number of Shares	Amount
<b>Balance, December 31, 2006</b>	<b>79,769,707</b>	<b>\$ 13,943,150</b>
Issued for cash		
Exercise of warrants	26,771,096	9,349,882
Exercise of stock options	1,000,000	285,000
Transfer from contributed surplus on exercise of stock options		272,289
<b>Balance, September 30, 2007</b>	<b>107,540,803</b>	<b>\$ 23,850,321</b>

- c) Stock options

The Company has a stock option plan whereby it is authorized to grant options to directors and employee to acquire up to 10% of issued and outstanding common stock. Options granted under the plan may have a maximum term of five (5) years. The exercise price of options granted under the Plan will not less than the discounted market price as calculated and defined in accordance with the policies of the TSX Venture Exchange. Stock options granted under the Plan are subject to a four (4) month hold period from the date the options are granted in addition to any other restrictions which may be imposed at the discretion of the Directors.

**XEMPLAR ENERGY CORP.**  
**NOTES TO FINANCIAL STATEMENTS**  
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**5. SHARE CAPITAL (cont'd)**

As at September 30, 2007, the Company had outstanding stock options, enabling the holders to acquire further common shares as follows:

Number of Shares	Exercise Price	Expiry Date
600,000	\$ 0.20	June 30, 2010
500,000	\$ 0.30	Mar 30, 2010
500,000	\$ 0.47	Mar 24, 2008
200,000	\$ 0.20	Dec 15, 2008
2,000,000	\$ 0.50	June 02, 2011
1,500,000	\$ 0.51	July 05, 2011
600,000	\$ 0.58	Dec 18, 2011
300,000	\$0.80	Jan 09,2012
1,000,000	\$1.90	May 09,2012
250,000	\$1.80	Jun 05,2012
500,000	\$1.80	Sep 01, 2012
<b>7,950,000</b>	<b>\$0.2-\$1.90</b>	

Stock option transactions and the number of stock options outstanding are summarized as follows:

	<u>September 30, 2007</u>	
	Number of Warrants	Weighted Average Exercise Price
Balance, beginning of period	6,800,000	\$ 0.23
Options granted	2,150,000	\$ 1.80
Options exercised	(1,000,000)	-
Options expired	-	-
Balance, end of period	7,950,000	\$1.52
<b>Options exercisable, end of period</b>	<b>7,950,000</b>	

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**5. SHARE CAPITAL (cont'd)**

d) Warrants

As at September 30, 2007, the Company had outstanding share purchase warrants, enabling the holders to acquire further shares as follows:

Number of Warrants	Exercise Price	Expiry Date
3,085,000	\$ 0.30	January 26, 2008
481,666	\$ 0.30	February 02, 2008
<b>3,566,666</b>		

Warrant transactions and the number of warrants outstanding are summarized as follows:

	<u>September 30, 2007</u>	
	Number of Warrants	Weighted Average Exercise Price
Balance, beginning of period	30,337,762	\$ 0.10
Warrants granted	-	-
Warrants exercised	(26,771,096)	\$ 0.43
Warrants expired	-	-
Balance, end of period	3,566,666	\$0.30
<b>Warrants exercisable, end of period</b>	<b>3,566,666</b>	

**6. RELATED PARTY TRANSACTIONS**

During the period ended September 30, 2007, the Company entered into the following transactions with related parties:

- a) Professional fees of \$13,500 (2006 - \$13,500) incurred for accounting services provided by a company owned by one of the directors of the Company.
- b) Consulting fees of \$45,000 (2006 - \$45,000) were paid to a company related to a director of the Company.
- c) Rental fees of \$9,000 (2006 - \$9,000) were paid to a company owned by one of the directors of the Company.

These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties, unless otherwise noted.

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**7. COMMITMENTS**

The Company has commitments under its normal course of business. In particular, the Company has commitments under its mineral properties option agreements to expend certain sums on mineral exploration as described in Note 3.

**8. SUBSEQUENT EVENTS**

The Company granted 350,000 stock options to certain consultants of the company at a price of \$6.50 per share exercisable for a period of five years.

**9. STOCK BASED COMPENSATION**

The Company, in accordance with the policies of the TSX Venture Exchange, is authorized to grant options to directors, officers and employees to acquire up to 10% of the issued and outstanding common shares. The fair value of each option granted is estimated on the grant date using the Black-Scholes option-pricing model with the following assumptions:

	Granted Jan 9, 2007	Granted May 9, 2007	Granted Jun 5, 2007	Granted Sep 1, 2007
Number of options	400,000	1,000,000	250,000	500,000
Dividend rate	0%	0%	0%	0%
Weight average risk-free interest rate	3.92%	4.12%	4.51%	4.32%
Expected life	5	5	5	5
Expected volatility	125%	120%	119%	117%
Weighted average strike price	\$0.8	\$ 1.90	\$1.80	\$1.80
Weighted average spot price	\$0.8	\$ 1.88	\$1.80	\$1.47
Expiry Date	Jan 9, 2012	May 9, 2012	Jun 5, 2012	Sep 1, 2012
Fair Value per option	\$ 0.68	\$ 1.57	\$ 1.51	\$ 1.19
Stock based compensation	\$ 273,036	\$ 1,574,540	\$ 376,553	\$ 595,870

During the nine months ended September 30, 2007, the Company issued 1,000,000 for options exercised. Using the above assumptions, the fair value of the stock options vested during the period was \$272,289, which has been recorded in the statement of operations, and credited to contributed surplus.

Option pricing models require the input of highly subjective assumptions including the expected price volatility. Changes in the subjective input assumptions can materially affect the fair value estimate, and therefore the existing models do not necessarily provide a reliable single measure of the fair value of the Company's stock options.