

**XEMPLAR ENERGY CORP.**

**CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

**(unaudited)**

**March 31, 2008**

## **NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS**

The accompanying unaudited interim consolidated financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these financial statements in accordance with the standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

*"Gennen McDowall"*  
*President*

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**XEMPLAR ENERGY CORP.**  
**CONSOLIDATED INTERIM BALANCE SHEET**  
**(unaudited)**

	March 31, 2008 (unaudited)	December 31, 2007 (audited)	March 31, 2007 (unaudited)
<b>ASSETS</b>			
<b>Current</b>			
Cash and cash equivalents	\$ 24,477,121	\$ 9,502,889	\$ 9,710,511
Accounts receivable (Note 5)	393,042	243,926	17,570
Prepaid expenses and deposits	455,054	469,928	111,752
	<b>25,325,217</b>	10,216,743	9,839,833
<b>Property, plant and equipment (Note 6)</b>	<b>3,780,509</b>	1,817,951	4,673
<b>Mineral properties (Note 7)</b>	<b>9,766,227</b>	8,399,673	6,654,133
	<b>\$ 38,871,953</b>	\$ 20,434,367	\$ 16,498,639
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
<b>Current</b>			
Accounts payable and accruals	\$ 341,954	\$ 174,704	\$ 34,879
<b>Shareholders' equity</b>			
Share capital (Note 8)	45,023,392	25,919,916	20,382,471
Contributed surplus (Note 8)	22,559,526	22,927,181	2,261,152
(Deficit)	(29,052,919)	( 28,587,434)	(6,179,863)
Accumulated other comprehensive income (Note 2)	-	-	-
	<b>38,529,999</b>	20,259,663	16,463,760
	<b>\$ 38,871,953</b>	\$ 20,434,367	\$ 16,498,639

**RELATED PARTY TRANSACTIONS (Note 9)**

Approved:

"Gennen McDowall" Director

"Simon Tam" Director

See accompanying Notes.

**XEMPLAR ENERGY CORP.**  
**CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE (LOSS)**  
**(unaudited)**

<b>For the quarter ended March 31</b>	<b>2008</b>	<b>2007</b>
<b>Income</b>		
Investment	\$ 79,530	\$ 32,425
<b>Administrative expenses</b>		
Amortization	149,398	379
Bank charges and interest	1,069	625
Consulting	85,651	56,647
Marketing and promotion	48,430	16,668
Office and general	76,963	802
Printing and reproduction	1,176	-
Professional fees	38,925	109,478
Rent	3,000	5,900
Repairs and maintenance	33	-
Shareholder relations	1,137	5,193
Stock-based compensation (Note 10)	-	273,036
Telephone	21,767	14,126
Transfer agent and exchange fees	22,008	10,850
Travel	85,258	-
Wages and benefits	10,200	-
	<b>545,015</b>	<b>493,704</b>
<b>(Loss) before taxes</b>	<b>( 465,485)</b>	<b>( 461,279)</b>
<b>Income taxes (Note 11)</b>	<b>-</b>	<b>-</b>
<b>Net (loss)</b>	<b>( 465,485)</b>	<b>( 461,279)</b>
<b>Other comprehensive income</b>	<b>-</b>	<b>-</b>
<b>Comprehensive (loss) for the period</b>	<b>\$( 465,485)</b>	<b>\$( 461,279)</b>
<b>Basic (loss) per share</b>	<b>\$( 0.004)</b>	<b>\$( 0.005)</b>
<b>Fully diluted (loss) per share</b>	<b>\$( 0.004)</b>	<b>\$( 0.005)</b>
<b>Weighted average number of common shares outstanding – basic</b>	<b>113,611,370</b>	<b>100,386,501</b>
<b>Weighted average number of common shares outstanding – fully diluted</b>	<b>113,755,300</b>	<b>110,418,463</b>

See accompanying Notes.

**XEMPLAR ENERGY CORP.**  
**CONSOLIDATED INTERIM STATEMENT OF (DEFICIT)**  
**(unaudited)**

<b>For the quarter ended March 31</b>	<b>2008</b>	<b>2007</b>
<b>(Deficit), beginning of year</b>	<b>\$( 28,587,434)</b>	<b>\$( 5,718,584)</b>
<b>Net (loss) for the period</b>	<b>( 465,485)</b>	<b>( 461,279)</b>
<b>(Deficit), end of period</b>	<b>\$( 29,052,919)</b>	<b>\$( 6,179,863)</b>

See accompanying Notes.

**XEMPLAR ENERGY CORP.**  
**CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS**  
**(unaudited)**

	<b>Quarter ended March 31, 2008 (unaudited)</b>	<b>Year ended December 31, 2007 (audited)</b>	<b>Quarter ended March 31, 2007 (unaudited)</b>
<b>CASH FLOWS FROM:</b>			
<b>Operating activities</b>			
Cash paid to suppliers	\$( 332,445)	\$( 1,996,574)	\$( 305,531)
Interest income	49,366	387,611	91,245
	<b>( 283,079)</b>	<b>( 1,608,963)</b>	<b>( 214,286)</b>
<b>Investing activities</b>			
Purchase of property, plant and equipment	( 2,111,956)	( 2,008,156)	-
Mineral properties	( 1,366,554)	( 2,914,664)	( 1,169,124)
	<b>( 3,478,510)</b>	<b>( 4,922,820)</b>	<b>( 1,169,124)</b>
<b>Financing activities</b>			
Issuance of shares for cash, net of costs	18,735,821	11,275,882	6,335,131
<b>Increase in cash</b>	<b>14,974,232</b>	<b>4,744,099</b>	<b>4,951,721</b>
<b>Cash at beginning of year</b>	<b>9,502,889</b>	<b>4,758,790</b>	<b>4,758,790</b>
<b>Cash at end of period</b>	<b>\$ 24,477,121</b>	<b>\$ 9,502,889</b>	<b>\$ 9,710,511</b>

See accompanying Notes.

**XEMPLAR ENERGY CORP.**  
**NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**(unaudited)**

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<b>March 31</b>	<b>2008</b>	2007
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## **1 Nature of business**

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Xemplar Energy Corp., formerly Consolidated Petroquin Resources Limited (the “Company”), was incorporated on January 12, 1979, under the Company Act of British Columbia. The Company changed its name on July 11, 2005 and changed its business focus from development of oil and gas properties to acquiring, exploring and developing mineral properties.

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles on a going concern basis, 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. As of March 31, 2008 the Company had a working capital of \$24,983,263 (2007 - \$9,804,954).

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.

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## **2 Significant accounting policies**

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### **Basis of presentation**

These consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles and include the accounts of the Company and its wholly owned subsidiary Namura Mineral Resources (Proprietary) Limited (“Namura”) and Canadian Uranium Corp. (“CUC”). Results from operations of the subsidiaries are included in these consolidated financial statements from the date of acquisition. All significant inter-company transactions and balances have been eliminated.

### **Cash and cash equivalents**

Cash and cash equivalents represent cash on deposit and term deposits having terms to maturity of 180 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.

**XEMPLAR ENERGY CORP.**  
**NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**(unaudited)**

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<b>March 31</b>	<b>2008</b>	2007
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## **2 Significant accounting policies (continued)**

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All deferred expenditures are reviewed by management, on a property by property basis, to consider whether there are any conditions that may indicate impairment in value. When the carrying value exceeds the net recoverable amount as estimated by management, or the Company is unable to sell the property for an amount exceeding the deferred cost, a provision is made for the impairment in value. Recorded costs of mineral properties and deferred exploration and development expenditure are not intended to reflect present or future values of mineral properties.

### **Asset retirement obligation**

The Company has adopted the standard for “asset retirement obligation” as set out in the CICA Handbook section 3110. The standard requires the recognition and measurement of liabilities related to the legal obligation to abandon and reclaim property, plant and equipment upon acquisition, construction, development and/or normal use of the asset. The initial liability must be measured at fair value and subsequently adjusted for the accretion of discount and changes in the fair value. The asset retirement cost is capitalized as part of property, plant and equipment and depleted into earnings over time. The adoption of this standard had no impact on the financial statements.

### **Property, plant and equipment**

Property, plant and equipment is recorded at cost. Amortization is calculated using the straight line method over the following estimated useful lives:

Computer equipment	3 years
Drilling equipment	5 years
Equipment	5 years
Furniture and fixtures	10 years
Motor vehicle	5 years

The above 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 during 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.

### **Foreign currency translation**

Foreign operations are integrated with the parent company and, consequently, the financial statements of foreign subsidiaries are translated into Canadian dollars using the temporal method. Monetary assets and liabilities denominated in foreign currencies are translated into Canadian dollars at rates of exchange in effect at the date of the balance sheet. Non-monetary assets, liabilities and other items are translated at historical rates. Revenue and expenses are translated at average rates of exchange prevailing during the year. Exchange gains or losses arising from these translations are included in income for the year.

### **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 and the useful lives of property, plant and equipment owned by the Company. Actual results and values could differ from those estimates and these differences could have a material impact on the financial statements.

**XEMPLAR ENERGY CORP.**  
**NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**(unaudited)**

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<b>March 31</b>	<b>2008</b>	2007
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**2 Significant accounting policies (continued)**

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**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.

**Share issue costs**

Commissions paid to underwriters on the issue of the Company's shares are charged directly to share capital.

**Financial instruments**

The Company has designated its cash and cash equivalents as held-for-trading; marketable securities as available-for-sale; accounts receivable and advances to contractors as loans and receivable; and accounts payable and accrued liabilities as other liabilities.

**Fair value** - The carrying values of cash and cash equivalents, accounts receivable, advances to contractors, and accounts payable and accrued liabilities equal their fair values.

**Credit risk** – The Company is exposed to credit risk with respect to its cash and other accounts receivable. Cash and cash equivalents have been placed with a major Canadian financial institution. Other amounts receivable are primarily amounts owing from government agencies and related parties.

**Interest rate risk** – Interest rate risk consists of two components:

- I. To the extent that payments made or received on the Company's monetary assets and liabilities are affected by changes in the prevailing market interest rates, the Company is exposed to interest rate cash flow risk.
- II. To the extent that changes in prevailing market interest rates differ from the interest rates in the Company's monetary assets and liabilities, the Company is exposed to interest rate price risk. The Company is not exposed to significant interest rate risk due to the short-term maturity of its monetary assets and liabilities.

**Currency risk** – The Company is exposed to foreign currency fluctuations to the extent expenditures incurred by the Company are not denominated in Canadian dollars. As at March 31, 2008 the Company had investments in mineral properties through a fully integrated subsidiary that requires the Company to fund exploration costs in Namibian currency.

The Company's ability to continue to fund its subsidiary will be affected by foreign currency rate fluctuations. The Company does not utilize derivatives or other techniques to manage foreign currency risk.

**XEMPLAR ENERGY CORP.**  
**NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**(unaudited)**

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<b>March 31</b>	<b>2008</b>	2007
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## **2 Significant accounting policies (continued)**

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### **Non-monetary consideration**

In situations where share capital is issued, or received, as non-monetary consideration and the fair value of the asset received, or given up is not readily determinable, the fair market value (as defined) of shares is used to record the transaction. The fair market value of the shares issued, or received, is based on the trading price of those shares on the appropriate Exchange on the date of the agreement to issue shares as determined by the management.

### **Changes in accounting policies**

Effective December 1, 2006, 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.

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.

As at January 1, 2007, there was no effect on the Company’s Balance sheet from adopting these standards. As prescribed by these standards, prior periods have not been restated. The adaptation of these new standards had no impact on the Company’s consolidated net income. The unrealized gains and losses included in “Accumulated other comprehensive income” were recorded net of taxes, which were nil.

### **New accounting pronouncements**

The CICA has issued four new standards which may affect the financial disclosures and results of operations of the Company for interim and annual periods beginning January 1, 2008. The Company has adopted these requirements commencing in the interim period ending March 31, 2008 and are presented in these interim consolidated financial statements.

#### *CICA Handbook Section 1535 – Capital Disclosures*

This Section establishes standards for disclosing information about an entity's capital and how it is managed. Under this standard the Company will be required to disclose the following, based on the information provided internally to the entity's key management personnel:

- qualitative information about the Company’s objectives, policies and processes for managing capital;
- summary quantitative data about what it manages as capital;
- whether the Company complied during a reporting period with externally imposed capital requirements, to which it is subject; and
- in instances where the Company did not comply with externally imposed capital requirements, the consequences of such non-compliance.

Capital management disclosures are included in the notes to the financial statements.

**XEMPLAR ENERGY CORP.**  
**NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**(unaudited)**

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<b>March 31</b>	<b>2008</b>	2007
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## **2 Significant accounting policies (continued)**

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### **New accounting pronouncements (continued)**

#### *CICA Handbook Section 3031 - Inventories*

This Section prescribes the accounting treatment for inventories and provides guidance on the determination of costs and its subsequent recognition as an expense, including any write-down to net realizable value. It also provides guidance on the cost formulas that are used to assign costs to inventories.

The adoption of this standard has no impact on the financial statements, as the Company does not hold inventories at this time.

#### *CICA Handbook Section 3862 – Financial Instruments – Disclosures*

This Section requires entities to provide disclosure of quantitative and qualitative information in their financial statements to enable users to evaluate (a) the significance of financial instruments for the entity's financial position and performance; and (b) the nature and extent of risks arising from financial instruments to which the entity is exposed during the period and at the balance sheet date, and management's objectives, policies and procedures for managing such risks. Entities will be required to disclose the measurement basis or bases used, and the criteria used to determine classification for different types of instruments.

This Section requires specific disclosures to be made, including the criteria for:

- designating financial assets and liabilities as held for trading;
- designating financial assets as available-for-sale; and
- a determination of when an impairment is recorded against the related financial asset or when an allowance account is used.

Financial Instruments disclosures are included in the notes to the financial statements.

#### *CICA handbook Section 1400 – Going-concern*

In June 2007, the CICA amended Handbook Section 1400, "General Standards of Financial Statement Presentation", which requires management to make an assessment of a company's ability to continue as a going-concern. When financial statements are not prepared on a going-concern basis, that fact shall be disclosed together with the basis on which the financial statements are prepared and the reason why the Company is not considered a going-concern.

Going-concern disclosures are included in the notes to the financial statements.

### **Future accounting changes**

#### *Convergence to International Financial Reporting Standards ("IFRS")*

In 2006, the Canadian Accounting Standards Board ("AcSB") published a new strategic plan that will significantly affect financial reporting requirements for Canadian companies. The AcSB strategic plan outlines the convergence of Canadian generally accepted accounting principles 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 generally accepted accounting principles. 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 December 31, 2010. 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.

**XEMPLAR ENERGY CORP.**  
**NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**(unaudited)**

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<b>March 31</b>	<b>2008</b>	2007
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**2 Significant accounting policies (continued)**

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**Capital management**

As the Company is in the exploration stage, its principal source of capital is from the issuance of common shares. The Company's capital management objective is to raise sufficient equity funds to maintain its exploration projects and to manage the equity funds raised which best optimizes its exploration programs and the interests of its equity shareholders at an acceptable risk. To meet the objectives, management monitors the Company's ongoing capital requirements against restricted net working capital and assesses additional capital requirements on specific exploration properties on a case by case basis. During the three months ended March 31, 2008, the Company is not subject to externally imposed capital requirements. Management is of the opinion that the amounts and changes in the company's capital is readily determinable in these financial statements.

**Long-term investments**

Long-term investments to be held by the Company are continually reviewed to determine whether any events or changes in circumstances indicate that the carrying amount of the asset may not be recoverable. In the event that facts and circumstances indicate that the carrying value of an asset may not be recoverable and an estimate of future undiscounted cash flows is less than the carrying amount of the asset, impairment will be recognized.

**Comparative figures**

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

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**3 Business combination**

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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 (note 7).

The business combination was accounted for using the purchase method and the results from the operations of Namura included in these statements are from May 26, 2006. The following is a summary of the consideration paid and fair value of assets acquired and liabilities assumed by the Company:

Consideration paid:		
Cash	\$	600,000
Common shares		2,610,000
Transaction cost		95,063
		\$ 3,305,063
Assets acquired:		
Cash	\$	29,890
Mineral property		3,341,173
		3,371,063
Liabilities assumed:		
Mineral property		66,000
		\$ 3,305,063

**XEMPLAR ENERGY CORP.**  
**NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
(unaudited)

**March 31**

**4 Incorporation**

On January 1, 2007, the Company purchased all the outstanding shares of Canadian Uranium Corp. which had been incorporated on December 15, 2006. CUC was a shell company at the time of purchase and the purchase price paid was the cost of incorporation. The Company intends to transfer some of its mining property rights to CUC for the purpose of forming joint venture exploration partnerships with other companies (see note 7).

<b>5 Accounts receivable</b>	<b>2008</b>	2007
Accrued interest	\$ 105,653	\$ -
GST and VAT receivables	287,389	17,570
	<b>\$ 393,042</b>	<b>\$ 17,570</b>

<b>6 Property, plant and equipment</b>	<b>2008</b>			2007
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Computer equipment	\$ 54,972	\$ 12,698	\$ 42,274	\$ 4,673
Drilling equipment	2,843,348	212,489	2,630,859	-
Equipment	331,717	12,912	318,805	-
Furniture and fixtures	17,053	1,118	15,935	-
Motor vehicle	879,542	106,906	772,636	-
	<b>\$ 4,126,631</b>	<b>\$ 346,123</b>	<b>\$ 3,780,509</b>	<b>\$ 4,673</b>

**7 Mineral properties**

	Acquisition Costs	Exploration and Development Expenditures	Disposal and Abandonment	2008 Total	2007 Total
<b>Canada:</b>					
Corhill Property (see details next page)	\$ 144,657	\$ 248,728	\$ 100,000	\$ 293,385	\$ 288,666
Otish Basin Property (see details next page)	1,204,397	599,724	-	1,804,121	1,769,325
<b>Republic of Namibia:</b>					
Namura Uranium Property (see details next page)	3,341,173	4,327,548	-	7,668,721	4,596,142
	<b>\$ 4,690,227</b>	<b>\$ 5,176,000</b>	<b>\$ 100,000</b>	<b>\$ 9,766,227</b>	<b>\$ 6,654,133</b>

**XEMPLAR ENERGY CORP.**  
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<b>March 31</b>	<b>2008</b>	2007
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**7 Mineral properties (continued)**

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**Corhill Property**

By agreement dated July 7, 2005, the Company acquired a 100% interest in the Corhill Property entailing approximately 30,628 acres located 312 miles northwest of Yellowknife and 90 miles southwest of Kugluktuk in the Northwest Territories. Upon commencement of commercial production, the vendor will be entitled to a net smelter royalty of 2% on all minerals. The purchaser can buy down to a 1% net smelter royalty at a cost of \$1,000,000. The purchase price of \$194,657 was paid by issuance of 500,000 shares of the Company and payment of \$74,657 cash. Included in the purchase price is \$9,657 paid for legal fees directly attributed to the purchase of the property.

On July 17, 2006 the Company entered into an option agreement with Garuda Ventures Canada Inc. (“Garuda”), whereby Garuda can earn a 70% interest in the Company’s Corhill Property located in central Quebec by making cash payment of \$50,000, and issuing 2,000,000 shares of Garuda Capital Corp. (parent company of Garuda) which is listed on the Nasdaq Over the Counter Bulletin Board. The shares received have a hold period of two years and hence will be recorded in the books when the hold period expires. Garuda also has to incur \$1,500,000 of exploration expenditure on the property in different tranches over the three year period. During the year ended December 31, 2006, Garuda paid \$100,000 in cash towards the exploration costs incurred by the Company. In June 2007, due to failure of Garuda Capital Corp to meet the expenditure obligations, the Company and Garuda Capital Corp. signed another agreement to transfer the Corhill property rights to CUC. This agreement will supersede the earlier agreement with Garuda Capital Corp. As of March 31, 2008, this agreement had not closed.

**Otish Basin Uranium Property**

By agreement dated September 28, 2005, the Company acquired a 100% interest in the Otish Basin Uranium Property entailing 1,159 claims and covering approximately 14,663 acres located 310 kilometres northeast of the city of Chibougamau in central Quebec. Upon commencement of commercial production, the Vendor 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 \$2,000,000. The purchase price of \$975,000 is payable as follows:

Cash	\$ 300,000
Shares – 3,000,000 @ \$0.27 each	810,000
Finders fee in cash	75,000
Total acquisition cost	\$ 1,185,000

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In June 2007 the Company signed an agreement to transfer the Otish Basin Uranium property to CUC. As of March 31, 2008 this agreement had not closed.

**Namura Uranium Property**

On March 22, 2006 the Company entered into a purchase agreement to acquire 100% of the outstanding shares of Namura Mineral Resources (Proprietary) Limited (“Namura”). Namura is a privately owned company incorporated in the Republic of Namibia. Namura is the beneficial holder of two Exclusive Reconnaissance Licenses and six Exclusive Prospective Licenses (“EPL’s”) covering uranium exploration properties in Namibia. The purchase price is comprised of a payment of \$600,000 in cash and the issuance of 6,000,000 common shares of the Company. 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.

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**XEMPLAR ENERGY CORP.**  
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**March 31** **2008** 2007

**8 Share capital**

**a) Authorized:**

Unlimited common shares without par value

**b) Issued and outstanding:**

	<b>2008</b>		<b>2007</b>	
	<b>Shares</b>	<b>Amount</b>	<b>Shares</b>	<b>Amount</b>
Balance, beginning of year	<b>112,357,469</b>	<b>\$ 25,919,916</b>	79,769,707	\$ 13,943,150
Issued for cash			-	-
Private placement (Net of issue cost)	<b>6,555,555</b>	<b>18,157,822</b>	-	-
Exercise of warrants	<b>400,000</b>	<b>120,000</b>	13,986,095	6,190,131
Exercise of options	<b>260,000</b>	<b>458,000</b>	600,000	145,000
Transfer from contributed surplus on exercise of options		<b>367,655</b>	-	104,190
Balance, end of period	<b>119,572,469</b>	<b>\$ 45,023,392</b>	94,355,802	\$ 20,382,471

**c) Private placement**

On March 20, 2008 the Company issued 6,555,000 units through Canaccord Capital Corporation (the "Underwriters") a private placement at \$3.00 per unit for a total of \$19,665,000, where each unit consists of one common share and one half of one common share purchase warrant. Each whole warrant entitling the holder to acquire one further common share at \$4.00 within two years from the date of issuance. A total of \$1,507,178 was paid as Underwriter's fees. The Company applied the residual approach and allocated the net proceeds of \$18,157,822 to the common shares and \$Nil to the warrants. The Underwriters were also issued 458,850 warrants to purchase the same number of shares at a price of \$3.75 per share.

All shares issued through private placement are subject to a hold period of four months from the day of issue.

**d) Warrants**

	<b>2008</b>		<b>2007</b>	
	<b>Number of Warrants</b>	<b>Weighted Average Exercise Price</b>	<b>Number of Warrants</b>	<b>Weighted Average Exercise Price</b>
Balance, beginning of year	<b>400,000</b>	<b>\$ 0.30</b>	30,337,762	\$ 0.10
Warrants granted	<b>3,736,350</b>	<b>3.97</b>	-	-
Warrants exercised	<b>( 400,000)</b>	<b>0.30</b>	(13,986,095)	0.43
Warrants expired	-	-	-	-
Outstanding and exercisable at end of period	<b>3,736,350</b>	<b>\$ 0.30</b>	16,351,667	\$ 0.34

**XEMPLAR ENERGY CORP.**  
**NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
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**March 31** **2008** 2007

**8 Share capital (continued)**

**d) Warrants (continued)**

As at March 31, 2008, the following share purchase warrants of the Company were outstanding:

	<b>Exercise Price</b>	<b>Number of Warrants</b>	<b>Expiry Date</b>
	\$ 4.00	3,277,500	March 20, 2010
	\$ 3.75	458,850	March 20, 2010

**e) Options**

The Company has adopted an incentive stock option plan (the "Plan"). The essential elements of the Plan provide that the aggregate number of shares of the Company's capital stock issuable pursuant to options granted under the Plan may not exceed 10% of the current issued and outstanding common shares. Options granted under the Plan may have a maximum term of (5) five years. The exercise price of options granted under the Plan will not be 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 (4) four 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.

	<b>Number of Options</b>	<b>2008 Weighted Average Exercise Price</b>	<b>Number of Options</b>	<b>2007 Weighted Average Exercise Price</b>
Outstanding and exercisable, at beginning of year	<b>10,650,000</b>	<b>\$ 3.17</b>	6,500,000	\$ 0.23
Options granted	-	-	400,000	0.80
Options exercised	<b>( 260,000)</b>	<b>1.76</b>	<b>( 600,000)</b>	0.23
Outstanding and exercisable, at end of period	<b>10,390,000</b>	<b>\$ 3.97</b>	6,600,000	\$ 0.52

**XEMPLAR ENERGY CORP.**  
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**March 31** **2008** 2007

**8 Share capital (continued)**

**e) Options (continued)**

The following summarizes the stock options outstanding and exercisable at March 31, 2008:

Exercise Price	Outstanding at March 31, 2008	Exercisable at March 31, 2008	Expiry Date
\$ 0.20	100,000	100,000	June 30, 2010
\$ 0.30	500,000	500,000	September 30, 2010
\$ 0.50	2,000,000	2,000,000	June 2, 2011
\$ 0.51	1,500,000	1,500,000	July 5, 2011
\$ 0.58	400,000	400,000	December 18, 2011
\$ 0.80	40,000	40,000	January 9, 2012
\$ 1.90	1,000,000	1,000,000	May 9, 2012
\$ 1.80	50,000	50,000	June 5, 2012
\$ 1.80	450,000	450,000	September 1, 2012
\$ 6.50	350,000	350,000	November 6, 2012
\$ 6.50	4,000,000	-	December 18, 2012
	<b>10,390,000</b>	<b>6,390,000</b>	

**f) Contributed surplus**

	2008	2007
Balance, beginning of year	\$ 22,927,181	\$ 2,092,306
Stock-based compensation expense	-	273,036
Options exercised	( 367,655)	( 104,190)
<b>Balance, end of period</b>	<b>\$ 22,559,526</b>	<b>\$ 2,261,152</b>

**XEMPLAR ENERGY CORP.**  
**NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
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<b>March 31</b>	<b>2008</b>	2007
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**9 Related party transactions**

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The following amounts were paid or accrued to directors or companies controlled by directors or officers of the Company for services provided during the periods March 31, 2008 and 2007:

- a) Professional fees of \$7,500 (2007 - \$4,500) incurred for accounting services provided by a company owned by one of the directors of the Company.
- b) Consulting fees of \$83,000 (2007 - \$15,000) were paid to a company owned by one of the directors of the Company.
- c) Rental fees of \$3,000 (2007 - \$3,000) were paid to a company owned by one of the directors of the Company.
- d) Marketing, promotion and travel expenses of \$33,342 (2007 - \$Nil) were paid to directors and to companies owned by directors.

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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**10 Stock-based compensation**

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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:

During the period ended March 31, 2008, the Company issued 260,000 (2007 - 600,000) shares for options exercised.

During the period ended March 31, 2008 (2007 - 400,000) no options were granted. Using the above assumptions, the stock-based compensation was \$Nil (2007 - \$273,036), which has been recorded in the statement of comprehensive (loss), 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.

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**XEMPLAR ENERGY CORP.**  
**NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
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**March 31**

<b>11 Income taxes</b>	<b>2008</b>	2007
A reconciliation of the statutory income tax rate to the effective rate for the Company is as follows:		
Statutory income tax rate	( 36%)	( 36%)
Tax losses not benefited	36%	36%
Effective tax rate	-	-

The Company has approximately \$2,211,243 of non-capital losses available for income tax purposes to reduce taxable income of future years. These non-capital losses will expire commencing in 2008 through to 2026.

In addition, the Company has available mineral resource related expenditure pools totalling approximately \$3,052,363 which may be deducted against future taxable income on a discretionary basis.

Future income tax benefits which may arise as a result of these losses have not been recognized in these financial statements as their realization is uncertain.