

**XEMPLAR ENERGY CORP.
MANAGEMENT DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2008**

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 April 29, 2009 for Xemplar Energy Corp. (the "Company") should be read in conjunction with the Company's audited financial statements for the year ended December 31, 2008. 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 subsidiaries, Namura Mineral Resources (Pty) Ltd. and Canadian Uranium Corp. for the year ended December 31, 2008.

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's primary objective is to develop mineral properties to a stage where they can be operated profitably. Currently, the Company has mineral interest holdings located in Canada and Namibia, a mining friendly country in South Africa, with a view for finding uranium deposits.

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.

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. ("Garuda") 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 could reduce 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.

Under the terms of the agreement, Garuda was required to incur \$300,000 exploration expenditure on the property before January 7, 2007 as its first year commitment. During the year 2006, Garuda paid \$100,000 in cash towards the exploration costs incurred by the Company. In June 2007, the Company and Garuda signed another agreement to transfer the Corhill property rights to Canadian Uranium Corp. ("CUC"), the Company's newly created subsidiary. This agreement would supersede the earlier property option agreement with Garuda should it be successfully concluded.

On June 25, 2008, the Company and Garuda entered into a rescission agreement to void all agreements involving the Company, CUC and Garuda for Garuda to earn up to 70% of Corhill Property. The Company paid \$175,000 in cash to Garuda and returned the 2,000,000 shares of Garuda Capital Corp. received originally. The effect of the rescission agreement is that the Company now holding 100% interest rights in the Corhill property. The Company is currently evaluating the property and considering alternative strategies with respect to the Corhill property.

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. In 2006, the Company staked an additional 166 claims contiguous to the Otish properties.

The Company completed an airborne geophysical survey on the property in 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 included a 6km long fault zone with an historic drill intercept of 0.45% U₂O₈ over 1 m. The Company had reviewed the data and decided it merited further exploration.

In early 2007, the Company considered to transfer the Otish property to Canadian Uranium Corp. ("CUC"), the Company's newly created subsidiary, for the purpose of forming joint venture exploration partnerships with other companies. The Company has now changed the plan and made a decision not to transfer the Otish property into CUC because the Company has got a better proposal from Santoy Resources Ltd.

On July 25, 2008, the Company entered into an option agreement with Santoy Resources Ltd. (TSX-Venture: SAN) ("Santoy") whereby Santoy had the option to acquire up to one hundred percent interest in 1,241 claims totaling approximately 61,194 hectares in four main blocks strategically located on the northwestern margin and in the east-central portion of the Otish Basin, Quebec.

The option terms for Santoy to earn a sixty percent interest in the Properties include a cash payment of \$250,000, a work commitment of \$1.5 million (of which \$500,000 is to be spent prior to January, 2009), and the issuance of 4 million Santoy shares (1 million upon regulatory approval of the Agreement and 3 million shares on the first anniversary of the Agreement). By exercising the option Santoy will have the choice of initiating a 60% Santoy-40% Xemplar joint venture in which Xemplar will be carried for the first \$1 million in expenditures, or delivering to Xemplar 6 million shares of Santoy to obtain a 100% interest in the property. If Santoy elects to earn one hundred percent interest, a three percent Net Smelter Return royalty would be reserved for Xemplar and Xemplar's underlying vendor. Santoy would retain the option, at any time, to purchase half of the total royalty payable for \$500,000. Santoy will act as the Operator during the term of the Agreement. As at the date of report, the Company received \$250,000 and 1 million common shares in Santoy.

The Company has been searching for a strategic partner and project that fulfilled its objectives of generating revenue streams and potential for significant mineral discovery. With the Joint Venture Agreement with Santoy, Xemplar's Board of Directors is confident that it has secured an agreement that achieves this objective

Namura Uranium Properties, Namibia

On March 22, 2006, the Company acquired 100% of the issued and outstanding shares of Namura Mineral Resources (Pty) Ltd. ("Namura"), a private company incorporated in the Republic of Namibia, South Africa. At the date of acquisition, Namura was the beneficial holder of three exclusive reconnaissance licenses (ERL) covering uranium exploration properties in Namibia. It was 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.

Through its subsidiary Namura in Namibia, the Company holds a 100% interest in uranium properties in the Engo Valley, Cape Cross, Aus-Garub and Warmbad regions, whose combined licensed and pending licensed area covers nearly 10,000 KM², making it the largest uranium exploration license holder in the country.

The primary focus of Xemplar Energy's work in Namibia is the Warmbad project, where the Company has been actively engaged in an exploration drilling program in a province where the potential of a significant uranium occurrence is being developed. The company had originally identified 14 large, anomalously radiometric alaskitic bodies, which has since been redefined as five larger bodies as some of the original alaskite bodies overlap each other. Of these, the Aluriesfontein is the largest, covering 36 square kilometres. Alaskitic rocks also host the Rossing mine in Namibia, which produced 3,046 tonnes of uranium oxide in 2007.

With the results from the positive airborne radiometric survey (reported, October 15, 2007) and drilling results (reported February 4, 2008), the Company has achieved the completion of phases 1 and 2 of its planned work programs as set out in the Company's 43-101F1 Technical Report filed on www.sedar.com, dated May 4, 2006 by Roscoe Postle Associates Inc.

In 2008, the Company commenced a Phase 3 exploration program which was comprised of a 40,000 metre definition drilling program over the Company's 14 uraniumiferous (alaskitic) bodies. This involved the deployment of some 6 drilling rigs, the radiometric logging of all holes drilled, the sampling and chemical analysis of all cores and drill chips. This work was directed at defining a possible resource/reserve estimate and a possible future feasibility study.

Since drilling started on the Warmbad project, 66 drill holes have been completed. Assay results have been received and were reported to shareholders. The most recent one was reported on November 11, 2008. All the Company's news released was filed on www.sedar.com. These results, coupled with previous drill holes of significance that were reported are very encouraging as they confirm (a) wide zones of uraniumiferous granite (alaskite) at depth and (b) that the geologic model adopted by Charles Johnston, the Company's Chief Geologist and Exploration Manager, and his team is proving highly successful in prioritizing project drill targets. The prioritization of drill targets is founded upon an enhanced understanding of the underlying geology of the Warmbad alaskite bodies.

These early-stage drilling results show that the alaskites are relatively thin-sheeted leucogranites which were layered within the country rocks of the Namaqua metamorphic complex, similar to those as at the Rossing uranium mine which produced about 3,000 tonnes of uranium oxide in 2007. Not all of the alaskites are

mineralized, but the geological groundwork and the drilling continue to confirm the widespread uranium mineralization on the property.

In addition to enhancing our geological understanding of the 'alaskite' bodies at Warmbad, significant operational advancements have been made over the past nine months. There are currently eight drill rigs on the property, (these will soon increase to nine), and more than sixty Company employees, made up of ten geologists, drillers, samplers, loggers and camp staff all under the direction and leadership of Mr. Charles Johnston, the Company's newly appointed Chief Geologist and Exploration Manager. Year-round drilling at Warmbad will continue.

Xemplar Energy is well positioned financially with cash on hand to carry out its exploration and drill programs on its Namibian assets.

Exploration Expenditures by Property

For the past year, the Company's exploration work has been focused on its Warmbad Project in Namibia. All costs related to the acquisition, exploration and development of mineral properties are capitalized.

A summary of capitalized acquisition and exploration expenditures on the Company's properties for the year ended December 31, 2008 is as follows:

Mineral Properties	Corhill	Otish	Namibia	Total
	\$	\$	\$	\$
Acquisition costs				
Balance, Dec 31, 2007	144,657	1,204,397	3,341,172	4,690,226
Additions during the year	175,000	-	-	175,000
Balance, December 31, 2008	319,657	1,204,397	3,341,172	4,865,226
Exploration costs				
Balance, Dec 31, 2007	248,728	589,928	2,970,791	3,809,447
Additions during the period:				
Accounting and legal	-	-	-	-
Camp, field supplies & transport	-	-	1,152,620	1,152,620
Drilling	-	-	3,506,108	3,506,108
Equipment rental and repairs	-	-	923,804	923,804
Fees, licenses and permits	-	9,737	208,731	218,468
Geological and geophysical	-	-	1,916,012	1,916,012
Survey, evaluation, mapping	-	-	958,283	958,283
Travel	-	-	101,622	101,622
Total additions during the period	-	-	8,767,180	8,776,917
Balance, December 31, 2008	248,728	599,665	11,737,971	12,586,364
Cumulative Mineral Property Expenditures as at December 31, 2008				
Acquisition	319,657	1,204,397	3,341,173	4,865,226
Exploration	248,728	599,665	11,737,971	12,586,364
Disposal and Abandonment (recovery of cost)	(100,000)	(930,000)	-	(1,030,000)
Total:	468,385	874,062	15,079,143	16,421,590

Canadian Uranium Corp.

In 2007, the Company created a wholly owned subsidiary, Canadian Uranium Corp. ("CUC") to allow it to consider alternative strategies with respect to some of its mining property interest. CUC was a shell company at the time of purchase and the purchase price paid was the cost of incorporation. Due to the change of the economic environment, the Company has determined that the transfer of its Corhill and Otish property into CUC does not meet its purpose and has made a corporate decision not to proceed with the transfer as previously planned. In the last quarter of 2008, the Company decided not to pursue any joint venture agreement through this subsidiary and officially dissolved CUC. CUC had no assets and liability.

Financing Activities

The Company completed a bought-deal financing with Canaccord Capital Corp. in early 2008. The financing was closed on March 20, 2008 and the Company issued 6,555,000 units at a price of \$3 per unit for gross proceeds of \$19,665,000. Each Unit consisted of one common share and one-half of one common share purchase warrant. Each whole warrant will be exercisable into one common share for two years from the closing date at an exercise price of \$4.00. The company paid to Canaccord Capital Corp., a cash commission of \$1,376,550 equal to 7% of the gross proceeds. The company also granted Underwriter's Warrants equal to 7% of the Units issued entitling Canaccord to purchase up to 458,850 common shares of the Company at a price of \$3.75 for a period of one year from the completion of the private placement. The Company received net proceeds of \$18,714,489 after share issuance costs of \$1,490,511. The fund is sufficient to fund the Company's exploration program and corporate activities for the next 24 months.

Year End Balance Sheet Position

On December 31, 2008, the most recent balance sheet date, the Company had cash and cash equivalents \$15,587,306. Cash and cash equivalents represent cash on deposit and term deposits having terms to maturity of 180 days or less when acquired. To increase interest revenue, the Company has placed excess cash into short term flexible GICs. The short term investments are made with a major Canadian Bank and no asset backed investments have been entered into by the Company. The Company does not hold any non-bank asset-back commercial paper.

Selected Annual Information

The following financial data is derived from the Company's audited financial statements for the year ended December 31, 2008, 2007 and 2006.

		As at and for the financial year ended December 31		
		2008	2007	2006
(a)	Total Revenue	Nil	Nil	Nil
(b)	Net Income (loss)			
	In total	(\$1,428,322)	(\$22,868,850)	(\$2,096,968)
	On a per share basis (basic)	(\$0.15)	(\$0.23)	(\$0.03)
(c)	Total Assets	\$38,366,065	\$20,434,367	\$10,360,939
(d)	Total long term financial liabilities	Nil	Nil	Nil
(e)	Cash dividends declared per share	Nil	Nil	Nil

Results of Operations

The Company has no producing properties, and consequently no sales or revenues. Investment income consists of interest income which is earned on cash balances held on deposit with a major bank. The amount fluctuates from period to period depending on the Company's cash balance and interest rates.

For the year ended December 31, 2008

For the year ended December 31, 2008, Company incurred a net loss of \$1,428,322 or \$0.15 per share as compared to a loss of \$22,868,850 or \$0.23 per share for the year ended December 31, 2007. The loss in 2008 was substantially lower than the prior year's loss was a result of a decrease in operating expenditures of which the significant component was stock based compensation.

Income for the year 2008 was \$1,179,777 which consisted of interest income of \$532,955 (2007- \$404,280) and foreign exchange gains of \$646,822 (2007 – Nil).

Operating expenditures for the year ended December 31, 2008 totaled \$1,436,617 compared to \$23,273,130, a decrease of \$20,656,736 from the year ended December 31, 2007. The major factors for the decrease were:

- stock based compensation was \$865,680 for 2008 compared to \$21,535,759 for 2007, a substantial decrease of \$20,656,736. This was primarily a result of fewer stock options being granted and lower stock prices during the current year;
- amortization decreased from \$195,257 for 2007 to \$12,807 for 2008, a decrease of \$182,450. The decrease was due to capitalize amortization on drilling equipment used in mining activities in Namibia;
- consulting fees increased from \$225,550 for 2007 to \$495,869, the increase of \$270,319 was due principally to the engagement of consultants to provide a full review of the Company's strategic plans and assist to develop promotion and corporate communications.
- in 2007, the Company, through its subsidiary, set up a trust in Namibia for the purposes of providing funds for the welfare of the people in Warmbad and contributed \$200,000 to the Trust. There was no similar transaction in 2008;
- marketing and promotion had decreased by \$120,747 in 2008 as the Company had not participated in certain trade shows and mining conference hold in South Africa, Zurich and London;
- professional service expenses for 2008 were \$213,281 compared to \$158,446 for 2007, an increase of \$54,835. Professional fees include legal, audit and accounting services. These fees increased as the Company required advises on its accounting, tax matters, employment regulations and corporate structure for its subsidiary in Namibia ;
- transfer agent and exchanges fees for the year had increased by \$34,676 due to the annual sustaining fees paid to the TSX Venture Exchange was a lot more than the prior year;
- travel cost increased from \$157,430 for 2007 to \$294,531 for 2008, the increase of \$137,101 being due to the travel expenses incurred by the directors and consultants to attend director's meeting in London, to visit property site in Namibia and meet investors in Europe;

For the three months ended December 31, 2008

For the three months ended December 31, 2008, the Company recorded a net income of \$1,638,567 whereas in the comparable quarter in 2007, the Company incurred a net loss of \$18,624,927. The major reason for the net income in the fourth quarter was because the Company recorded foreign exchange gains of \$646,822 and to reclassify amortization expenses and repairs expenses to capitalize exploration costs from previous quarters.

The Company earned interest income of \$128,236 during the current quarter. Interest income had been declining because of lower average cash balances and lower effective interest rates.

Operating expenditures in the fourth quarter were lower than the 2007 comparable period as there was no stock-based compensation in the period (2007 - \$18,715,760). Amortization expense was reduced from \$139,567 to \$3,201. Expenditures on donations decreased to \$nil from \$200,000 for the fourth quarter of 2007. Expenditures on travel and marketing decreased from the amounts incurred in the comparable quarter as the Company conserved its cash resources in response to the global economic turndown in late 2008.

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	Dec 31	Sep 30	Jun 30	Mar 31	Dec 31	Sep 30	Jun 30	Mar 31
Year	2008	2008	2008	2008	2007	2007	2007	2007
Total Revenues	\$ Nil	\$ Nil	\$ Nil	\$ Nil	\$ Nil	\$ Nil	\$ Nil	\$ Nil
Net Income (Loss)	1,638,567	(933,220)	(1,668,184)	(465,485)	(18,624,927)	(1,552,349)	(2,230,295)	(461,279)
Basic Income(Loss) per share	(0.00)	(0.01)	(0.01)	(0.00)	(0.19)	(0.01)	(0.02)	(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. Other than the impact of the granting of stock options, the level of operating expenditures represents the ongoing corporate activities as discussed above. Net income in the fourth quarter of 2008 was a result of foreign exchange gains and reclassify of amortization and repair expenses to capital exploration cost from previous quarters.

Liquidity and Capital Resources

At December 31, 2008, the Company reported a net working capital of \$16,132,336 compared to a net working capital of \$10,042,039 as at December 31, 2007, representing an increase in working capital by \$6,090,297. The increase was mainly due to receiving \$18,752,489 cash proceeds from the sale of the Company's equity. The Company held \$15,587,306 in its cash account. The amount is sufficient to fund the Company's exploration and administrative expenses through 2009.

The Company has been successful in raising the funds to enable it to meet the working capital requirements. 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 global financial economy has recently experienced significant volatility and uncertainty. The stock market values have plunged.

These could negatively affect the accessibility of equity funding. Presently the Company is in good financial conditions and has not planned any changes to its strategy to acquire and explore potential properties. In the environment of global uncertainty, the Company continues to manage and monitor its overheads and ongoing cost.

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 financial year ended December 31, 2008, the Company entered into the following transactions with related parties:

- a) Professional fees of \$30,000 (2007 - \$21,000) incurred for accounting services provided by a company owned by one of the directors of the Company.
- b) Consulting fees of \$286,955 (2007 - \$120,000) were paid to the companies owned by two directors of the Company.
- c) Technical fees of \$103,000 (2007 - \$221,200) were paid to a director of the Company.
- d) Rental fees of \$15,500 (2007 - \$12,000) 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.

Fourth Quarter and subsequent events

For the fourth quarter, the Company continued to focus its exploration and drilling activities on the Namibian properties.

Subsequent to year end, the Company granted 5,000,000 incentive stock options to certain directors, consultants and employees. These stock options are exercisable at a price of \$1.15 per share until March 04, 2014.

Changes in accounting policies including initial adoption

Effective January 1, 2008, the Company adopted new recommendations of the Canadian Institute of Chartered Accountants (CICA) under the CICA Handbook sections as follows:

CICA Handbook Section 1535 – Capital Disclosures

This Section establishes standards for disclosing information about an entity's capital and how it is managed to enable users of financial statements to evaluate the entity's objectives, policies and procedures for managing capital. The adoption of this standard has no material impact on the financial statements as the standard relates to disclosures which are included in the notes to financial statements.

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 Company does not expect the adoption of this standard will have a material 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. The adoption of this standard has no material impact on the Company's financial statements as the standard related to note disclosure.

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

Goodwill and Intangibles

In February 2008, the CICA issued Handbook Section 3064, "Goodwill and Intangible Assets", replacing Section 3062, "Goodwill and Other Intangible Assets", and Section 3450, "Research and Development Costs". This section establishes standards for the recognition, measurement, presentation and disclosure of goodwill subsequent to its initial recognition and of intangible assets by profit-oriented enterprises. Standards concerning goodwill are unchanged from the standards included in the previous Section 3062. The new section is effective for years beginning on or after October 1, 2008 and is not expected to have an impact on the Company's financial results at adoption.

International Financial Reporting Standards

In February 2008, the CICA announced that Canadian generally accepted accounting principles (GAAP) for publicly accountable enterprises will be replaced by International Financial Reporting Standards (IFRS) for fiscal years beginning on or after January 1, 2011. Companies will be required to provide IFRS comparative information for the previous fiscal year. Accordingly, the conversion from Canadian GAAP to IFRS will be applicable to the Company's reporting for the first quarter of 2011 for which the current and comparative information will be prepared under IFRS.

The Company expects the transition to IFRS to impact accounting, financial reporting, and internal control over financial reporting, taxes, IT systems and processes as well as certain contractual arrangements. The Company is currently assessing the impact of the transition to IFRS. Training and hiring additional resources is underway to ensure the timely conversion to IFRS.

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 April 29, 2009

The Company is authorized to issue unlimited common shares without par value. As at April 29, 2009, there were 119,572,469 issued and outstanding common shares compared to 119,572,469 issued and outstanding shares at December 31, 2008. There was no change in the shares capital.

There were a total of 3,736,350 warrants outstanding that had a conversion price of ranging from \$3.75 to \$4.00. If these warrants were to be converted, it would put an additional \$14,830,687 into the Company's Treasury. There were 11,340,000 stock options outstanding under the Company's incentive stock option plan. These stock options are exercisable at prices ranging from \$0.2 to \$6.5, with expiry dates ranging to March 02, 2014. To reflect the current market conditions, the Company intends to amend those options with an exercise price of \$6.50 per share that are outstanding and held by certain directors and consultants. A total of 1,850,000 options are being amended to decrease the exercise price from \$6.50 to \$1.15 per share. These options all have an expiry date of December 18, 2012. The options are an important component of the company's executive compensation strategy providing directors and consultants with long-term equity-based performance incentives. The options are being re-priced to bring those more in-line with current market prices and recent grant of the Company's incentive stock options at an exercise price of \$1.15 per share.

The re-pricing of the options is subject to regulatory acceptance and the approval of the disinterested shareholders of the Company, and therefore none of the re-priced options may be exercised prior to such approval being obtained.

Risk Factors relating to the Company's business

The Company is in an industry that is dependent on a number of factors including environmental, legal and political risks, the existence of economically recoverable reserves, the ability of the Company and its subsidiaries to obtain necessary funds to complete the development and future profitable production or the proceeds of disposition thereof.

The Company is exposed to a number of risks, including the financial risks associated with the fact that it has no operating cash flow and must access the capital markets to finance its activities. The Company has been successful in raising the funds. However, there can be no assurance will continue to be able to access the capital markets for the funding necessary to acquire and maintain exploration properties and to carry out its desired exploration programs.

There is intense competition within the minerals industry to acquire properties of merits, and the Company competes with other companies possessing greater technical and financial resources than itself. Even if desirable properties are secured, there can be no assurances that the Company will be able to execute its exploration programs on its proposed schedules and with its cost estimates, whether due to weather conditions in the areas it operates, increasingly stringent environment regulations and other permitting restrictions, or other factors related to exploring in areas that lack infrastructure, such as the availability of essential supplies and services.

Many of the professional technical services, materials and supplies used in uranium exploration are not unique to this sector, but are also required in exploring for base and precious metal. Over the past several years, the prices of these commodities have increased substantially, stimulating a rapid growth in exploration expenditures and intensifying the competition for talent and services. These conditions are leading to increased costs and difficulties in scheduling contractors that are optimal from the Company's perspective.

Mineral exploration and development is a speculative business. It involves substantial expenses and a high degree of risks, which even a combination of experience, knowledge and careful evaluation may not be able to mitigate. There is no certainty that the expenditures made or to be made by the Company in the exploration and development of the mineral properties in which it has an interest will result in the discovery of mineralized materials in commercial quantities. While the rewards to an investor can be substantial if an economically viable discovery is made, few properties which are explored are ultimately developed into producing mines.

Even if the Company discovers uranium deposits, the marketability of the products, will be affected by numerous factors beyond the control of the Company. These factors include, but are not limited to, market fluctuations, the proximity and capacity of natural resource markets, processing equipment and government regulations, including regulations relating to price, taxes, royalties, land tenure, land use, importing and exporting of minerals and environmental protection.

The Company, through its subsidiary, is involved in mineral exploration in Namibia, South Africa. There are a number of associated risks over which the Company will have no control, including changes of laws affecting foreign ownership, government participation, taxation, royalties, duties, rates of exchange, repatriation of earnings and civil unrest. There are no assurances that the economic and political conditions in Namibia will continue as they are at the present time.