

**XEMPLAR ENERGY CORP.
MANAGEMENT DISCUSSION AND ANALYSIS
NINE MONTHS ENDED SEPTEMBER 30, 2009**

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 November 30, 2009 for Xemplar Energy Corp. (the "Company") should be read in conjunction with the Company's financial statements for the nine month period ended September 30, 2009. The financial information in this MD&A is derived from the Company's financial statements which have been prepared in accordance with Canadian generally accepted accounting principles.

All monetary amounts in this MD&A and in the Company's consolidated financial statements are expressed in Canadian dollars, unless otherwise stated. The Company's financial statements include the results of the operations of the Company's wholly owned subsidiary Namura Mineral Resources (Pty) Ltd. for the nine month period ended September 30, 2009.

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

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 main focus of the Company is mining exploration and development in Namibia, a mining friendly country in Southern Africa, with a view for finding uranium deposits. In addition to the exploration rights in Namibia, the Company has certain mineral interest holdings at the Corhill Property and Otish Property located in the Northwest Territories and Quebec of Canada respectively. These properties have been explored for uranium deposits.

Mineral Properties

Namura Uranium Properties, Namibia

On March 22, 2006, the Company acquired a 100% ownership in Namura Mineral Resources (Pty) Ltd. ("Namura"), a private company 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 7,500 KM², making it the largest uranium exploration license holder in the country.

The Company's main areas of exploration in Namibia are the Warmbad and Cape Cross projects, At Warmbad the Company has been actively engaged in an aggressive exploration and definition drilling program since October 2007. The Company had originally identified 14 large, anomalously radiometric alaskitic bodies, which has since been redefined as eight larger bodies, as some of the original alaskite bodies overlap each other. Of these, the Aluriesfontein is the largest, covering 36 square kilometres.

With the results from the positive airborne radiometric survey and drilling results, the Company 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 uraniferous (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, over 60,000 metres of drilling have been completed. Assay results have been received and were reported to shareholders. All the Company's news releases were 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 uraniferous 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 drill results show that the alaskites are relatively thin-sheeted leucogranites which were layered within the country rocks of the Namaqua metamorphic complex. While not all of the alaskites are mineralized, 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 and more than sixty company employees, made up of geologists, drillers, samplers, loggers and camp staff all under the direction and leadership of Mr. Charles Johnston, the Company's Chief Geologist and Exploration Manager.

At Cape Cross, 2 drills have completed 7,200 metres of drilling and have identified a number of paleo-channel deposits – this property is strategically located near Areva's Trekkopke mine which is in the late stage of development and whose infrastructure includes a major desalination plant. Reference is made to the Company's September 16, 2009, news release "Xemplar Reports Drill Assays from the Cape Cross Uranium Project".

Corhill Uranium Property, Northwest Territories

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.

On September 25, 2008 the Company signed a rescission agreement with Garuda Capital Corp. to void the initial agreement. 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 holds 100% interest rights in the Corhill property, and is currently evaluating the property and considering alternative strategies.

Otish Uranium Property, Quebec

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 @ \$0.20 each	600,000
Finders fee in cash	75,000
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Total acquisition cost	\$975,000
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On July 25, 2008, the Company entered into an option agreement with Virginia, whereby Virginia can earn 60% interest in the Company's Otish Basin Uranium Property in exchange for:

- \$250,000 in cash;
- 200,000 free trading shares of Virginia on closing;
- 600,000 free trading shares of Virginia on the first anniversary of the agreement;
- \$500,000 work commitment prior to January 31, 2009;
- \$1,000,000 work commitment during the second year of the agreement.

Virginia has the option to acquire 100% interest by delivering 1,200,000 free trading shares of Virginia to the Company in addition to the above amounts. The Company will retain a 3% net smelter royalty which can be reduced to 1.5% at a cost of \$1,500,000.

Exploration Expenditures by Property

During the period, the Company's exploration work has been focused on its Warmbad and Cape Cross Projects 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 nine months ended September 30, 2009 is as follows:

Mineral Properties	Corhill	Otish	Namibia	Total
	\$	\$	\$	\$
Acquisition costs				
Balance, Dec 31, 2008	319,657	1,204,397	3,341,172	4,865,226
Additions during the year	-	-	-	-
Balance, September 30, 2009	319,657	1,204,397	3,341,172	4,865,226
Exploration costs				
Balance, Dec 31, 2008	248,728	599,665	11,737,971	12,586,364
Total additions during the period	-	-	4,489,229	4,580,927
Balance, September 30, 2009	248,728	599,665	16,227,200	17,167,291
Cumulative Mineral Property Expenditures as of September 30, 2009				
Acquisition	319,657	1,204,397	3,341,172	4,865,226
Exploration	248,728	599,665	16,227,200	17,075,593
Disposal and Abandonment (recovery of cost)	(100,000)	(930,000)	-	(1,030,000)
	468,385	874,062	19,568,372	20,910,819

Financing Activities

The Company did not complete any financing during the current nine months whereas in the same period last year the Company raised \$18,157,822 from the proceeds of a non-brokered private placement financing by issuing 6,550,000 units of common shares at a price of \$3 per unit. 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 proceeds raised last year are sufficient to fund the Company's operations for the remainder of 2009 and through 2010.

Balance Sheet Position

On September 30, 2009, the Company had cash and cash equivalents \$10,821,385. 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 invest in non-bank asset-back commercial paper.

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 Canadian bank. The amount fluctuates from period to period depending on the Company's cash balance and interest rates.

Comparison of 3 months ended September 30, 2009 to 3 months ended September 30, 2008

For the three months ended September 30, 2009, the Company incurred a net loss of \$417,048 or \$0.00 per share as compared to a loss of \$933,220 or \$0.01 per share for the three months ended September 30, 2008. The decrease in net loss was mainly due to a change to capitalizing certain operating expenses related to exploration activities.

Interest income for the quarter ended September 30, 2009 was \$17,499 compared with \$157,250 for the quarter ended September 30, 2008. This decrease of \$139,751 is due to lower average cash balances and declining interest rates in the current quarter. The interest rate dropped from 3% per annum to 0.5% per annum on March 23, 2009 for the GIC deposited in a major Canadian bank.

Operating expenditures for the quarter ended September 30, 2009 were \$434,547, a decrease of \$655,923 from the 2008 comparable quarter. The major factors for the change were:

- Amortization was down to \$nil from \$254,915 in 2008, because the Company capitalized and deferred the amortization costs on equipment used for exploration activities in 2009;
- Office and General expenses decreased by \$304,235 due to capitalizing foreign exchange gains/losses related to exploration activities, rather the period expensing them. ;
- Repairs and maintenance expenses were down by \$131,651.

Comparison of nine months ended September 30, 2009 to nine months ended September 30, 2008

For the nine months ended September 30, 2009, the Company incurred a net loss of \$2,409,079 or \$0.02 per share as compared to a loss of \$3,066,888 or \$0.03 per share for the nine months ended September 30, 2008. The decrease in the year-to-date amounts was attributable to a change to capitalizing certain operating expenses related to exploration activities.

Interest income of \$132,543 was down \$272,176, as a result of decreased cash balances and reduced interest rates on those cash balances for the nine month period ended September 30, 2009.

Operating expenditures for the first nine months of 2009 totaled \$2,541,622 compared to \$3,471,607, a decrease of \$929,985 from the first nine months of 2008. The major factors for the change are:

- Amortization was down to \$nil from \$587,229 in 2008, because the Company capitalized and deferred the amortization costs on equipment used for exploration activities in 2009;
- Office and General expenses decreased by \$335,985 due to capitalizing foreign exchange gains/losses related to exploration activities rather the period expensing them.
- Stock based compensation was \$1,294,865 for 2009 compared to \$865,680 for 2008, an increase of \$429,185. During 2009, there were 1,500,000 stock options granted, in addition to previously granted stock options re-priced to \$1.15 per share;
- Travel costs decreased by \$244,165. These expenses were incurred by the directors and consultants to attend director's meetings, to visit Namibia on corporate matters and meet investors;
- Repairs and Maintenance expenses decreased by \$136,181.

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	Sep 30	Jun 30	Mar 31	Dec 31	Sep 30	Jun 30	Mar 31	Dec 31
Year	2009	2009	2009	2008	2008	2008	2008	2007
Total Revenues	\$ Nil	\$ Nil	\$ Nil	\$ Nil	\$ Nil	\$ Nil	\$ Nil	\$ Nil
Net Income (Loss)	(417,048)	(519,553)	(1,410,985)	1,638,567	(933,220)	(1,668,184)	(465,485)	(18,624,927)
Basic Income(Loss) per share	(0.00)	(0.00)	(0.01)	(0.00)	(0.01)	(0.01)	(0.00)	(0.19)

Significant variances in the Company's reported losses from quarter to quarter are largely due to the granting of stock options, which tend to create large variations in stock-based compensation expenses. Other than the impact of the granting of stock options, the level of operating expenditures driving the net losses for the periods reflect the ongoing corporate activities to develop the properties as discussed above. The net loss in the third quarter of 2009 directly results from these operating activities. The net income recorded in the fourth quarter of 2008 was a result of foreign exchange gains and reclassification of amortization and repair expenses to capital exploration cost from previous quarters.

Liquidity and Capital Resources

At September 30, 2009, the Company reported net working capital of \$11,066,620 compared to a net working capital of \$16,132,336 as at December 31, 2008, representing a decrease in working capital by \$5,065,716. As of September 30, 2009, the Company has \$10,821,385 in its cash accounts. The Company continues to utilize its cash resources to fund project exploration and administrative requirements. As the Company has no significant income, cash reserves, unless replenished by capital fundraising, will continue to decline as the Company utilizes these funds to conduct its operations.

The Company's operations to date have been financed by sales of its common shares. The Company has been successful in raising the funds needed to meet its working capital requirements. However, there is no assurance that future 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 economy and financial markets have experienced significant volatility and uncertainty. Continuation of these conditions could adversely affect the accessibility of equity funding. Presently, the Company is in good financial condition, has not planned any changes to its strategy to acquire and explore potential properties, And continues to manage and monitor its costs of operations.

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

The following amounts were paid or accrued to directors or companies controlled by directors or officers of the Company for services provided during the nine month period September 30, 2009 and 2008:

- a) Professional fees of \$22,500 (2008 - \$15,000) incurred for accounting services provided by a company owned by one of the directors of the Company.
- b) Consulting fees of \$317,750 (2008 - \$171,000) were paid to companies owned by various directors of the Company.
- c) Rental fees of \$13,500 (2008 - \$6,500) were paid to a company owned by one of the directors of the Company.
- d) Drilling service fees of \$180,000 (2008 - \$180,000) 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.

Changes in accounting policies including initial adoption

Effective January 1, 2009, the Company adopted new recommendations of the Canadian Institute of Chartered Accountants (CICA) under the CICA Handbook sections as follows:

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 adoption of this new section has had no impact on the Company's financial results.

Future Accounting Changes

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 November 27, 2009

The Company is authorized to issue unlimited common shares without par value. As at November 27, 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 were a total of 3,736,350 warrants issued and outstanding that had a conversion price ranging from \$3.75 to \$4.00. If these warrants were to be converted, it would put an additional \$14,830,688 into the Company's Treasury. There were 11,540,000 stock options issued and outstanding under the Company's incentive stock option plan. Of these, 11,380,000 stock options are exercisable at prices ranging from \$0.20 to \$1.90, with expiry dates ranging from June 30, 2010 to March 02, 2014. To reflect current market conditions, the Company had amended those options with an exercise price of \$6.50 per share that were outstanding and held by certain directors and consultants. A total of 1,850,000 options had been amended to decrease the exercise price from \$6.50 to \$1.15 per share. These options have an expiry date up to 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 them more in-line with current market prices and recent grants of the Company's incentive stock options at an exercise price of \$1.15 per share. The re-pricing of the options was approved by the Exchange and disinterested shareholders of the Company on May 27, 2009.

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 it 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 merit, and the Company competes with other companies possessing greater technical and financial resources. Even if desirable properties are secured, there can be no assurance 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.