

**XEMPLAR ENERGY CORP.
MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 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 April 26, 2010 for Xemplar Energy Corp. (the "Company") should be read in conjunction with the Company's financial statements for the year ended December 31 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 year ended December 31, 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 Namibian subsidiary, Namura Mineral Resources (Pty) Ltd., the Company holds a 100% interest in uranium properties in the Engo Valley (pending), Cape Cross, Aus-Garub and Warmbad regions in Namibia, 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 properties. The target on the Warmbad property is uranium hosted in granite (alaskites) similar to that being mined at the Rossing uranium mine in Namibia. The target on the Cape Cross property is calcrete hosted uranium similar to the Trekkopje uranium deposit which is currently being brought into production by Areva in Namibia.

On June 15, 2006, the Company's 43-101 Technical Reports, prepared by Roscoe Postle Associates Inc., for the Warmbad, Aus and Cape Cross properties, were filed on www.sedar.com.

At the Warmbad project, 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 alaskite 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. These targets were outlined by an airborne radiometric survey, which followed up on an earlier government radiometric survey.

Ongoing exploration work consists of geological mapping, prospecting, radiometric sampling and chemical analysis to evaluate the targets identified by the airborne radiometric survey and to identify drill targets. Up to 10 drill rigs were utilized in the drill evaluation process. Radiometric logging was performed in all drill holes and sampling and chemical analysis of cores and drill chips were carried out on anomalous sections. This work was directed at defining a possible resource/reserve estimate and a possible future feasibility study.

Since drilling started on the Warmbad project, approximately 69,000 metres of reverse circulation drilling and 3,100 metres of diamond drilling has 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 are very encouraging as they confirm (a) wide zones of uraniumiferous granite (alaskite) at depth and (b) that the geologic model being employed is proving highly successful in prioritizing project drill targets..

Drill results show that the alaskites are relatively thin-sheeted leucogranites which were layered within the country rocks of the Namaqua metamorphic complex. The geology is understood well enough to recognize which alaskites will contain uranium mineralization. The geological groundwork and the drilling continue to confirm the widespread uranium mineralization on the property.

At Cape Cross, three drill programs have completed approximately 12,200 metres of reverse circulation drilling and have identified a number of paleo-channels and calcrete hosted uranium mineralization. Reference is made to the Company's September 16, 2009, news release "Xemplar Reports Drill Assays from the Cape Cross Uranium Project". The Cape Cross property is located near the Trekkopje uranium deposit which is currently being brought into production by Areva in Namibia.

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 \$1,185,000 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

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 year, 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 year ended December 31, 2009 is as follows:

Mineral Properties	Corhill \$	Otish \$	Namibia \$	Total\$
Acquisition costs				
Balance, December 31, 2008	319,657	1,204,397	3,341,172	4,865,226
Additions during the year	-	-	-	
Balance, December 31, 2009	319,657	1,204,397	3,341,172	4,865,226
Exploration costs				
Balance, Dec 31, 2008	248,728	599,666	11,737,971	12,586,365
Total additions during the period	-	-	6,503,396	6,503,396
Balance, December 31, 2009	248,728	599,666	18,241,367	19,089,761
Cumulative Mineral Property Expenditures as at December 31, 2009				
Acquisition	319,657	1,204,397	3,341,172	4,865,226
Exploration	248,728	599,666	18,241,367	19,089,761
Disposal and Abandonment (recovery of cost)	(100,000)	(930,000)	-	(1,030,000)
Total:	468,385	874,063	21,582,539	22,924,987

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 2010 and into 2011.

Year End Balance Sheet Position

On December 31, 2009 the most recent balance sheet date, the Company had cash and cash equivalents \$9,293,982. 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-backed commercial paper.

Selected Annual Information

The following financial data is derived from the Company's audited financial statements for the year ended December 31, 2009, 2008 and 2007.

		As at and for the financial year ended December 31		
		2009	2008	2007
(a)	Total Revenue	Nil	Nil	Nil
(b)	Net Income (loss)			
	In total	(\$3,146,980)	(\$1,428,322)	(\$22,868,850)
	On a per share basis (basic)	(\$0.30)	(\$0.15)	(\$0.23)
(c)	Total Assets	\$36,818,945	\$38,366,065	\$20,434,367
(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, 2009

For the year ended December 31, 2009, Company incurred a net loss of \$3,146,980 or \$0.30 per share as compared to a loss of \$1,428,322 or \$0.15 per share for the year ended December 31, 2008. The loss in 2009 was higher than the prior year's loss and was a result of an increase in operating expenditures of which a significant component was stock based compensation and a large decrease in investment income and foreign exchange gains.

Income for the year 2009 was \$187,506 which consisted of interest income of \$148,745 (2008- \$532,955), and foreign exchange gains of \$38,761 (2008 – \$646,822).

Operating expenditures for the year ended December 31, 2009 totalled \$3,318,433 compared to \$2,616,394, an increase of \$702,039 from the year ended December 31, 2008. The major factors for the increase were:

- stock based compensation was \$1,254,055 for 2009 compared to \$865,680 for 2008, an increase of \$388,375. This was primarily a result of additional options being granted and the repricing of existing options, which took place during the current year;
- amortization increased from \$12,807 for 2008 to \$153,118 for 2009, an increase of \$140,311. A portion of these costs were capitalized in the previous year.

- consulting and professional fees increased by \$50,522 during the current year.
- marketing and promotion decreased by \$42,843 in 2009 as the Company had not participated in certain trade shows and mining conferences held in South Africa, Zurich and London;
- transfer agent and exchanges fees for the year had decreased by \$98,616. This was due to higher fees in the previous year involving private placements, options and warrants.

For the three months ended December 31, 2009

For the three months ended December 31, 2009, the Company recorded a net loss of \$799,394 whereas in the comparable quarter in 2008, the Company recorded a net income of \$1,638,567. The major reason for the net income in the fourth quarter of the previous year was because the Company recognised foreign exchange gains of \$646,822 and reclassified amortization and repairs expenses as capitalized exploration costs from previous quarters.

The Company earned interest income of \$12,457 during the current quarter. Interest income has been declining because of lower average cash balances and lower effective interest rates.

Operating expenditures in the fourth quarter were higher than the 2008 comparable period because of the previously mentioned reclassification of amortization and repairs expense to exploration costs.

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	2009	2009	2009	2009	2008	2008	2008	2008
Total Revenues	\$ Nil	\$ Nil	\$ Nil	\$ Nil	\$ Nil	\$ Nil	\$ Nil	\$ Nil
Net Income (Loss)	(799,394)	(417,048)	(519,553)	(1,410,985)	1,638,567	(933,220)	(1,668,184)	(465,485)
Basic Income(Loss) per share	(0.01)	(0.00)	(0.00)	(0.01)	(0.00)	(0.01)	(0.01)	(0.00)

Significant variances in the Company's reported losses from quarter to quarter are largely due to the granting of stock options, which tend to result in large variations in stock-based compensation expense. 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 fourth quarter of 2009 directly results from these operating activities. The net income in the fourth quarter of 2008 was a result of foreign exchange gains and reclassification of amortization and repair expenses to capital exploration costs charged to expense in previous quarters.

Liquidity and Capital Resources

At December 31, 2009, the Company reported a net working capital of \$8,892,038 compared to a net working capital of \$16,132,336 as at December 31, 2008, representing a decrease in working capital by \$7,240,298. As of December 31, 2009 the Company has \$9,293,982 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 need 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

During the financial year ended December 31, 2009, the Company entered into the following transactions with related parties:

- a) Professional fees of \$30,000 (2008 - \$30,000) incurred for accounting services provided by a company owned by one of the directors of the Company.
- b) Consulting fees of \$470,050 (2008 - \$286,955) were paid to companies owned by various directors of the Company.
- c) Technical fees of \$180,000 (2008 - \$103,000) were paid to a director of the Company.
- d) Rental fees of \$18,000 (2008 - \$15,500) were paid to a company owned by one of the directors of the Company.

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

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 announced that Virginia Energy Resources Inc. would exercise its option to take a 100% interest in the Otish Quebec uranium property under the terms laid out in the July 25, 2008 option agreement. To complete its acquisition of the Xemplar Otish Property, Virginia will deliver 1.2 million common shares to Xemplar which will be subject to a four month hold period. The Otish claims are subject to 3 percent net smelter royalty, of which half can be purchased by Virginia.

Changes in accounting policies including initial adoption

Effective December 1, 2008, the Company adopted new accounting policies of the Canadian Institute of Chartered Accountants ("CICA") Handbook:

Impairment of long-lived assets

In March 2009, the Emerging Issues Committee ("EIC") issued EIC-174 "Mining Exploration Costs", which provides guidance on capitalization of exploration costs related to mineral properties. It also provides guidance for development and exploration stage entities that cannot estimate future cash flows from its properties in assessing whether impairment in such properties is required. EIC-174 also provides additional discussion on recognition for long lived assets. EIC-174 is to be applied retrospectively without restatement of prior periods in interim and annual financial statements for periods ending on or after the date of issuance of EIC-174. The Company adopted this recommendation in its fair value determinations effective for the year ended December 31, 2009. This new standard did not impact the Company's financial results in any period presented.

Assessing going concern

The Canadian Accounting Standards Board (“AcSB”) amended CICA Handbook Section 1400 “General Standards of Financial Statement Presentation”, to include requirements for management to assess and disclose an entity’s ability to continue as a going concern. This section applies to interim and annual financial statements relating to fiscal years beginning on or after January 1, 2008 and has been adopted by the Company on January 1, 2009. This section relates to disclosures and did not have an impact on the Company’s financial results.

Future Accounting Changes

Business combinations, consolidated financial statements and non-controlling interests

In January 2009, the CICA issued Handbook Sections 1582 “Business Combinations”, 1601 “Consolidated Financial Statements” and 1602 “Non-Controlling Interests” which replace CICA Handbook Sections 1581 “Business Combinations” and 1600 “Consolidated Financial Statements”. Section 1582 establishes standards for the accounting for business combinations that is equivalent to the business combination accounting standard under IFRS. Section 1601 together with Section 1602 establishes standards for the preparation of consolidated financial statements. These sections are applicable for the Company’s interim and annual consolidated financial statements for its fiscal year beginning on or after December 1, 2011. Early adoption of these Sections is permitted and all three Sections must be adopted concurrently.

International Financial Reporting Standards (“IFRS”)

In 2006, the AcSB published a 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 International Financial Reporting Standards (“IFRS”) over an expected five year transitional period. In February 2009, 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 December 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 is continuing the process of assessing the adoption of IFRS for 2011, it has not finalized the applicable accounting policy choices and IFRS exemptions, and thus is not in a position to fully quantify the associated financial reporting impact of the transition to IFRS at this time.

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 26, 2010

The Company is authorized to issue unlimited common shares without par value. As at April 26, 2010, there were 119,572,469 issued and outstanding common shares compared to 119,572,469 issued and outstanding shares at December 31, 2009. There was no change in the share capital.

A total of 3,736,350 warrants outstanding at December 31, 2009 expired on March 20, 2010. The Company currently has no warrants outstanding. There are a total of 10,690,000 stock options outstanding under the Company’s incentive stock option plan. These stock options are exercisable at weighted average price of \$1.05, with expiry dates extending to March 02, 2014. A total of 1,850,000 options were 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 were 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 required the approval of the disinterested shareholders of the Company, and the approval was granted at the annual general meeting of the company held during the previous year.

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 than itself. 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.