

**XEMPLAR ENERGY CORP.**

**CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

**(unaudited)**

**June 30, 2010**

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

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

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

“Gerard A. Pallotta”  
Chief Financial Officer

## CONTENTS

	<b>Page</b>
<b>Consolidated Interim Balance Sheet</b>	<b>4</b>
<b>Consolidated Interim Statement of Comprehensive (Loss)</b>	<b>5</b>
<b>Consolidated Interim Statement of (Deficit)</b>	<b>6</b>
<b>Consolidated Interim Statement of Accumulated Other Comprehensive (Loss)</b>	<b>6</b>
<b>Consolidated Interim Statement of Cash Flows</b>	<b>7</b>
<b>Notes to the Interim Consolidated Financial Statements</b>	<b>8-20</b>

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

	June 30, 2010 (unaudited)	December 31, 2009 (audited)	June 30, 2009 (unaudited)
<b>ASSETS</b>			
<b>Current</b>			
Cash and cash equivalents	\$ 8,018,517	\$ 9,293,982	\$ 12,814,252
Accounts receivable (Note 4)	80,807	198,520	522,462
Prepaid expenses and deposits	23,598	21	27,936
	<b>8,122,922</b>	<b>9,492,523</b>	<b>13,364,650</b>
<b>Other receivables (Note 5)</b>	-	-	270,000
<b>Long term investment (Note 6)</b>	217,100	241,280	90,000
<b>Property, plant and equipment (Note 7)</b>	3,520,344	4,160,155	4,514,586
<b>Mineral properties (Note 8)</b>	23,807,964	22,924,987	19,484,416
	<b>\$ 35,668,330</b>	<b>\$ 36,818,945</b>	<b>\$ 37,723,652</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
<b>Current</b>			
Accounts payable and accruals	\$ 600,859	\$ 600,485	\$ 270,625
<b>Shareholders' equity</b>			
Share capital (Note 9)	45,040,060	45,040,060	45,040,060
Contributed surplus (Note 9)	24,770,345	24,740,755	24,740,755
(Deficit)	( 34,683,231)	( 33,162,735)	( 32,007,788)
Accumulated other comprehensive (loss)	( 59,703)	( 399,620)	( 320,000)
	<b>35,067,471</b>	<b>36,218,460</b>	<b>37,453,027</b>
	<b>\$ 35,668,330</b>	<b>\$ 36,818,945</b>	<b>\$ 37,723,652</b>

**RELATED PARTY TRANSACTIONS (Note 10)**

Approved:

"Gerard A. Pallotta" Director

"Simon Tam" Director

See accompanying Notes.

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

	Three months ended June 30, 2010	Three months ended June 30, 2009	Six months ended June 30, 2010	Six months ended June 30, 2009
<b>Income</b>				
Investment	\$ 14,569	\$ 18,992	\$ 25,467	\$ 115,044
<b>Administrative expenses</b>				
Amortization	11,086	-	13,042	-
Bank charges and interest	16,663	1,581	17,936	2,490
Consulting	93,049	115,041	187,900	192,644
Marketing and promotion	954	120,662	3,978	187,142
Office and general	15,679	( 44,183)	19,601	34,044
Printing and reproduction	3,102	5,805	3,397	8,349
Professional fees	19,966	24,951	50,884	65,812
Rent	24,387	31,557	31,629	67,482
Repairs and maintenance	1,394	-	2,428	3,573
Shareholder relations	4,913	7,231	6,030	11,909
Stock-based compensation (Note 11)	29,590	215,665	29,590	1,294,865
Telephone and utilities	12,571	5,655	15,931	18,899
Transfer agent and exchange fees	8,979	( 770)	12,661	6,943
Travel	19,621	65,245	58,131	104,957
Wages and benefits	20,242	51,600	65,715	107,967
	282,196	600,040	518,853	2,107,076
<b>(Loss) before taxes</b>	( 267,627)	( 581,048)	( 493,386)	( 1,992,033)
<b>Income taxes (Note 12)</b>	-	-	-	-
<b>(Loss) from operations</b>	( 267,627)	( 581,048)	( 493,386)	( 1,992,033)
<b>Other items</b>				
(Loss) on write-off of mineral property	( 568,063)	-	( 568,063)	-
(Loss) on sale of securities	( 52)	-	( 459,047)	-
	( 568,115)	-	( 1,027,110)	-
<b>Net (loss)</b>	( 835,742)	( 581,048)	( 1,520,496)	( 1,992,033)
<b>Other comprehensive (loss)</b>	( 59,702)	( 100,000)	( 59,702)	-
<b>Comprehensive (loss) for the period</b>	( 895,444)	( 681,048)	\$( 1,580,198)	\$( 1,992,033)
<b>Basic and fully diluted (loss) per share</b>	\$( 0.007)	\$( 0.005)	\$( 0.013)	\$( 0.016)
<b>Weighted average number of common shares outstanding</b>	119,572,469	119,572,469	119,572,469	119,572,469

See accompanying Notes.

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

	<b>Three months ended June 30, 2010</b>	Three months ended June 30, 2009	<b>Six months ended June 30, 2010</b>	Six months ended June 30, 2009
<b>(Deficit), beginning of year</b>	<b>\$( 33,847,489)</b>	\$( 31,426,740)	<b>\$( 33,162,735)</b>	\$( 30,015,755)
<b>Net (loss) for the period</b>	<b>( 835,742)</b>	( 581,048)	<b>( 1,520,496)</b>	( 1,992,033)
<b>(Deficit), end of period</b>	<b>\$( 34,683,231)</b>	\$( 32,007,788)	<b>\$( 34,683,231)</b>	\$( 32,007,788)

**XEMPLAR ENERGY CORP.**  
**CONSOLIDATED INTERIM STATEMENT OF ACCUMULATED OTHER COMPREHENSIVE (LOSS)**  
**(Unaudited)**

	<b>Three months ended June 30, 2010</b>	Three months ended June 30, 2009	<b>Six months ended June 30, 2010</b>	Six months ended June 30, 2009
<b>Other comprehensive (loss), beginning of period</b>	<b>\$ -</b>	\$( 220,000)	<b>\$( 399,620)</b>	\$( 320,000)
<b>Reclassified to (losses) realized</b>	<b>-</b>	-	<b>399,620</b>	-
<b>Unrealized (loss) on available-for-sale financial assets</b>	<b>( 59,702)</b>	( 100,000)	<b>( 59,702)</b>	-
<b>Other comprehensive (loss), end of period</b>	<b>\$( 59,702)</b>	\$( 320,000)	<b>\$( 59,702)</b>	\$( 320,000)

See accompanying Notes.

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

	<b>Three months ended June 30, 2010</b>	Three months ended June 30, 2009	<b>Six months ended June 30, 2010</b>	Six months ended June 30, 2009
<b>CASH FLOWS FROM:</b>				
<b>Operating activities</b>				
Cash paid to suppliers	\$( 241,847)	\$( 445,537)	\$( 356,244)	\$( 526,270)
Interest income	2,626	18,992	48,537	115,044
	( 239,221)	( 426,545)	( 307,707)	( 411,226)
<b>Investing activities</b>				
Purchase of property, plant and equipment	-	471,798	-	700,999
Mineral properties	( 449,619)	( 1,860,673)	( 1,178,862)	( 3,062,827)
Proceeds from sale of investments	29,198	-	211,104	-
	( 420,421)	( 1,388,875)	( 967,758)	( 2,361,828)
<b>(Decrease) in cash</b>	<b>( 659,642)</b>	<b>( 1,815,420)</b>	<b>( 1,275,465)</b>	<b>( 2,773,054)</b>
<b>Cash at beginning of period</b>	<b>8,678,159</b>	14,629,672	<b>9,293,982</b>	15,587,306
<b>Cash at end of period</b>	<b>\$ 8,018,517</b>	\$ 12,814,252	<b>\$ 8,018,517</b>	\$ 12,814,252

See accompanying Notes.

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

---

**June 30, 2010**

---

**1 Nature of business**

---

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

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles on a going concern basis, which presumes the realization of assets and discharge of liabilities in the normal course of business for the foreseeable future. The Company’s ability to continue as a going concern is dependent upon achieving profitable operations and upon obtaining additional financing. The outcome of these matters cannot be predicted at this time. These financial statements do not include any adjustments to the amounts and classification of assets and liabilities that might be necessary should the Company be unable to continue in business. As of June 30, 2010 the Company had a working capital of \$7,522,063 (2009 - \$13,094,024).

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

---

**2 Significant accounting policies**

---

**Basis of presentation**

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

**Cash and cash equivalents**

Cash and cash equivalents represent cash on deposit and term deposits having terms to maturity of 180 days or less when acquired.

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

The Company records its interests in mineral properties and areas of geological interest at cost. All direct and indirect costs relating to the acquisition of these interests are capitalized on the basis of specific claim blocks or areas of geological interest until the properties to which they relate are placed into production, sold or management has determined there to be an impairment. These costs will be amortized on the basis of units produced in relation to the proven reserves available on the related property following commencement of production. Mineral properties which are sold before that property reaches the production stage will have all revenues from the sale of the property credited against the cost of the property. Properties which have reached the production stage will have a gain or loss calculated based on the portion of that property sold.

The recorded cost of mineral exploration interests is based on cash paid, the value of share consideration and exploration and development costs incurred. The recorded amount may not reflect recoverable value as this will be dependant on the development program, the nature of the mineral deposit, commodity prices, adequate funding and the ability of the Company to bring its projects into production or the proceeds from disposal.

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

---

**June 30, 2010**

---

**2 Significant accounting policies (continued)**

---

**Mineral properties and deferred exploration and development expenditures (continued)**

Management evaluates each mineral interest on a reporting period basis or as changes in events and circumstances warrant, and makes a determination based on exploration activity and results, estimated future cash flows and availability of funding as to whether costs are capitalized or charged to operations. Mineral property interests, where future cash flows are not reasonably determinable, are evaluated for impairment based on management's intentions and determination of the extent to which future exploration programs are warranted and likely to be funded. The Company defers all exploration costs relating to mineral properties and areas of geological interest until the properties to which they relate are placed into production, sold, abandoned or management has determined there to be an impairment. These costs will be amortized on the basis of units produced in relation to the estimated reserves available on the related property following commencement of production or written-off to operations in the period related properties are abandoned.

The amounts shown for mineral properties and deferred exploration costs represent costs incurred to date, and do not necessarily represent present or future values which are entirely dependent upon the economic recovery from production or from disposal.

**Asset retirement obligation**

The Company has adopted the standard for "asset retirement obligation" as set out in the CICA Handbook section 3110. The standard requires the recognition and measurement of liabilities related to the legal obligation to abandon and reclaim property, plant and equipment upon acquisition, construction, development and/or normal use of the asset. The initial liability must be measured at fair value and subsequently adjusted for the accretion of discount and changes in the fair value. The asset retirement cost is capitalized as part of property, plant and equipment and depleted into earnings over time.

At June 30, 2010 and 2009, management has determined that there are no material asset retirement obligations to the Company.

**Property, plant and equipment**

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

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

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

**Earnings (loss) per share**

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

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

---

**June 30, 2010**

---

**2 Significant accounting policies (continued)**

---

**Foreign currency translation**

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

**Use of estimates**

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

**Income taxes**

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

**Stock-based compensation plans**

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

**Share issue costs**

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

**Financial instruments**

Under Section 3251, Equity, Section 3855, Financial Instruments - Recognition and Measurement and Section 3861, Financial Instruments - Disclosure and Presentation, all financial instruments are classified into one of the following five categories: held-for-trading, held-to-maturity investments, loans and receivables, available-for-sale assets or other financial liabilities. All financial instruments, including derivatives, are included on the balance sheet and are measured at fair market value upon inception with the exception of certain related party transactions. Subsequent measurement and recognition of change in the fair value of financial instruments depends on their initial classification. Held-for-trading financial investments are measured at fair value and all gains and losses are included in operations in the period in which they arise. Available-for-sale financial instruments are measured at fair value with revaluation gains and losses included in other comprehensive income until the asset is removed from the balance sheet. Loans and receivables, held to maturity investments and other financial liabilities are measured at amortized cost using the effective interest method. Gains and losses upon inception, de-recognition, impairment write-downs and foreign exchange translation adjustments are recognized immediately. Transaction costs related to financial instruments will be expensed in the period incurred.

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

---

**June 30, 2010**

---

**2 Significant accounting policies (continued)**

---

**Financial instruments (continued)**

The Company has designated its cash as held-for-trading, which is measured at fair value. Marketable securities are classified as available for sale and are measured at fair value with changes in fair value recorded in other comprehensive income. Amounts receivable are classified as loans and receivables, which are measured at amortized cost. Accounts payable and accrued liabilities are classified as other financial liabilities, which are measured at amortized cost.

The Company does not have derivatives or embedded derivatives.

**Non-monetary consideration**

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

**Changes in accounting policies**

Effective December 1, 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.

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

---

**June 30, 2010**

---

**2 Significant accounting policies (continued)**

---

**Future accounting changes (continued)**

*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.

**Comparative figures**

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

---

**3 Business combination**

---

On May 26, 2006, the Company acquired all the issued and outstanding shares of Namura, a company based in the Republic of Namibia. The Company paid \$600,000 in cash and issued 6,000,000 shares of the Company. Namura is the beneficial holder of three Exclusive Reconnaissance Licenses covering uranium exploration properties in Namibia (Note 9).

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

Consideration paid:

Cash	\$ 600,000
Common shares	2,610,000
Transaction cost	95,063

---

\$ 3,305,063

Assets acquired:

Cash	\$ 29,890
Mineral property	3,341,173

---

3,371,063

Liabilities assumed:

Mineral property	66,000
------------------	--------

---

\$ 3,305,063

---

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

**June 30, 2010**

<b>4 Accounts receivable</b>	<b>2010</b>	<b>2009</b>
Accrued interest	\$ 11,944	\$ 16,244
GST and VAT receivables	38,520	506,218
Other	30,343	-
	<b>\$ 80,807</b>	<b>\$ 522,462</b>

**5 Other receivables**

This amount is due from Santoy Resources Limited (“Santoy”) pursuant to an option agreement to sell 60% interest in one of the Company’s mineral properties (see Note 9). Per agreement, Santoy has to pay the Company 3,000,000 of its shares on July 25, 2009, the first anniversary of the agreement. The original amount was based on the share price of \$0.17 prevailing on the date of agreement. The amount receivable is adjusted based on the share prices on a quarterly basis and any gain or loss is recognized as other comprehensive gain or loss. On June 30, 2009 the share price was \$0.115 per share.

<b>6 Long term investment</b>	<b>2010</b>	<b>2009</b>
Virginia Energy Resources Inc. (1,085,500 common shares)	\$ 217,100	\$ 90,000

As part of a mineral property deal with Santoy, (see Note 8) the Company received 800,000 free trading shares of Virginia Energy Resources Inc. (Virginia), a company listed and trading on the TSX Venture Capital Exchange in Canada. The original amount was based on the share price of \$0.85 prevailing on the date of agreement. The amount receivable is adjusted based on the share prices on a quarterly basis and any gain or loss is recognized as other comprehensive gain or loss. During the previous quarter, the Company sold all of the above free trading shares. During the current quarter, the Company received 1,200,000 common shares of Virginia in exchange for a 100% interest in the Otish Quebec uranium property under the terms laid out in the July 25, 2008 option agreement. During the period, 114,500 of these shares were sold. On June 30, 2010 the share price was \$0.20 per share.

<b>7 Property, plant and equipment</b>	<b>2010</b>			<b>2009</b>
	<b>Cost</b>	<b>Accumulated Amortization</b>	<b>Net Book Value</b>	<b>Net Book Value</b>
Computer equipment	\$ 68,495	\$ 52,069	\$ 16,426	\$ 29,645
Drilling equipment	3,905,697	1,780,333	2,125,364	2,704,714
Equipment	971,160	430,964	540,196	729,940
Furniture and fixtures	57,419	12,243	45,176	49,956
Motor vehicles	1,447,282	654,100	793,182	1,000,331
	<b>\$ 6,450,053</b>	<b>\$ 2,929,709</b>	<b>\$ 3,520,344</b>	<b>\$ 4,514,586</b>

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

**June 30, 2010**

**8 Mineral properties**

Title to mineral properties involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyancing historical characteristic of many mineral properties. The Company has investigated title to all of its mineral properties and, to the best of its knowledge, title to all of its properties is in good standing.

	<b>Exploration and Acquisition Costs</b>	<b>Development Expenditures</b>	<b>Disposal and Abandonment</b>	<b>2010 Total</b>	<b>2009 Total</b>
<b>Canada:</b>					
Corhill Property (see details below)	\$ 319,657	\$ 248,728	\$ 100,000	\$ 468,385	\$ 468,385
Otish Basin Uranium Property (see details next page)	1,204,397	599,666	1,804,063	-	874,062
<b>Republic of Namibia:</b>					
Namura Uranium Property (see details next page)	3,341,172	19,998,407	-	23,339,579	16,281,296
	<b>\$ 4,865,226</b>	<b>\$ 20,846,801</b>	<b>\$ 1,904,063</b>	<b>\$ 23,807,964</b>	<b>\$ 17,623,743</b>

**Corhill Property**

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

On July 17, 2006 the Company entered into an option agreement with Garuda Ventures Canada Inc. ("Garuda"), whereby Garuda can earn a 70% interest in the Company's Corhill Property located in central Quebec by making cash payment of \$50,000, and issuing 2,000,000 shares of Garuda Capital Corp. (parent company of Garuda) which is listed on the Nasdaq Over the Counter Bulletin Board. The shares received have a hold period of two years and hence will be recorded in the books when the hold period expires. Garuda also has to incur \$1,500,000 of exploration expenditure on the property in different tranches over the three year period. During the year ended December 31, 2006, Garuda paid \$100,000 in cash towards the exploration costs incurred by the Company.

In June 2007, due to failure of Garuda Capital Corp. to meet the expenditure obligations, the Company and Garuda Capital Corp. signed another agreement to transfer the Corhill property rights to Canadian Uranium Corp. 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.

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

---

**June 30, 2010**

---

**8 Mineral properties (continued)**

---

**Otish Basin Uranium Property**

By agreement dated September 28, 2005, the Company acquired a 100% interest in the Otish Basin Uranium Property entailing 1,159 claims and covering approximately 14,663 acres located 310 kilometres northeast of the city of Chibougamau in central Quebec. Upon commencement of commercial production, the Vendor will be entitled to a net smelter royalty of 2% on all minerals. The Company can buy down to a 1% net smelter royalty at a cost of \$2,000,000. The purchase price of \$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
<hr/>	
Total acquisition cost	\$ 1,185,000

On July 25, 2008 the Company entered into an option agreement with Virginia Energy Resources Inc. (Virginia), whereby Virginia can earn 60% interest in the Company's Otis 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 third 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% smelter royalty which can be reduced to 1.5% at a cost of \$1,500,000.

During the previous quarter, Virginia exercised 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 the acquisition of the Xemplar Otish Property, Virginia delivered 1.2 million common shares to Xemplar which was subject to a four month hold period, which ended on April 22, 2010. During the period 114,500 Virginia shares were sold.

**Namura Uranium Property**

On March 22, 2006 the Company entered into a purchase agreement to acquire 100% of the outstanding shares of Namura Mineral Resources (Proprietary) Limited ("Namura"). Namura is a privately owned company incorporated in the Republic of Namibia. Namura is the beneficial holder of two Exclusive Reconnaissance Licenses and six Exclusive Prospective Licenses ("EPL's") covering uranium exploration properties in Namibia. The purchase price is comprised of a payment of \$600,000 in cash and the issuance of 6,000,000 common shares of the Company. Each of the properties is subject to a 3% net smelter return royalty. The Company has the right to reduce the royalty to 1.5% on each property by paying \$3,000,000 per property to the vendors.

---

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

**June 30, 2010**

**9 Share capital**

**a) Authorized:**

Unlimited common shares without par value

**b) Issued and outstanding:**

	Shares	2010 Amount	Shares	2009 Amount
Balance, beginning of year	<b>119,572,469</b>	<b>\$45,040,060</b>	119,572,469	\$ 45,040,060
Issued for property				
Private placement	-	-	-	-
Exercise of warrants	-	-	-	-
Exercise of options	-	-	-	-
Balance, end of period	<b>119,572,469</b>	<b>\$45,040,060</b>	119,572,469	\$ 45,040,060

**c) Exercise of warrants**

No warrants were granted or exercised during the current period.

**d) Warrants**

	Number of Warrants	2010 Weighted Average Exercise Price	Number of Warrants	2009 Weighted Average Exercise Price
Outstanding and exercisable, beginning of period	<b>3,736,350</b>	<b>\$ 3.97</b>	3,736,350	\$ 3.97
Warrants granted	-	-	-	-
Warrants exercised	-	-	-	-
Warrants expired	<b>3,736,350</b>	<b>3.97</b>	-	-
Outstanding and exercisable, end of period	-	\$ -	3,736,350	\$ 3.97

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

**June 30, 2010**

**9 Share capital (continued)**

**e) Options**

The Company has adopted an incentive stock option plan (the "Plan"). The essential elements of the Plan provide that the aggregate number of shares of the Company's capital stock issuable pursuant to options granted under the Plan may not exceed 10% of the current issued and outstanding common shares. Options granted under the Plan may have a maximum term of (5) five years. The exercise price of options granted under the Plan will not be less than the discounted market price as calculated and defined in accordance with the policies of the TSX Venture Exchange. Stock options granted under the Plan are subject to a (4) four month hold period from the date the options are granted in addition to any other restrictions which may be imposed at the discretion of the Directors. Included in the opening comparative balance were 1,850,000 options repriced to \$1.15 from \$6.50 which reduced the opening weighted average exercise price to \$.99 from \$2.55.

	<b>Number of Options</b>	<b>Weighted Average Exercise Price</b>	<b>2010 Number of Options</b>	<b>2009 Weighted Average Exercise Price</b>
Outstanding and exercisable, beginning of period	<b>10,690,000</b>	<b>\$ .99</b>	6,340,000	\$ .99
Options granted	<b>550,000</b>	<b>1.15</b>	5,200,000	1.15
Options expired/cancelled	<b>( 100,000)</b>	<b>1.15</b>	-	-
Options exercised	-	-	-	-
Outstanding and exercisable, end of period	<b>11,140,000</b>	<b>\$ 1.00</b>	11,540,000	\$ 1.06

**f) Options (continued)**

The following summarizes the stock options outstanding and exercisable at June 30, 2010:

<b>Exercise Price</b>	<b>Outstanding at June 30, 2010</b>	<b>Exercisable at June 30, 2010</b>	<b>Expiry Date</b>
\$ 1.15	200,000	160,000	August 31, 2010
\$ 0.30	500,000	500,000	September 30, 2010
\$ 0.50	1,000,000	1,000,000	June 2, 2011
\$ 0.58	400,000	400,000	December 18, 2011
\$ 0.80	40,000	40,000	January 9, 2012
\$ 1.90	500,000	500,000	May 9, 2012
\$ 1.80	400,000	400,000	September 1, 2012
\$ 1.15	1,500,000	1,500,000	December 18, 2012
\$ 0.95	1,350,000	1,350,000	June 30, 2013
\$ 1.15	4,700,000	4,700,000	March 2, 2014
\$ 1.15	550,000	-	May 28, 2015
	<b>11,140,000</b>	<b>10,550,000</b>	

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

**June 30, 2010**

**9 Share capital (continued)**

g) Contributed surplus	2010	2009
Balance, beginning of period	\$ 24,740,755	\$ 23,425,206
Stock-based compensation expense	29,590	1,079,200
Options exercised	-	-
<b>Balance, end of period</b>	<b>\$ 24,770,345</b>	<b>\$ 24,504,406</b>

**10 Related party transactions**

The following amounts were paid or accrued to directors or companies controlled by directors or officers of the Company for services provided during the periods June 30, 2010 and 2009:

- a) Professional fees of \$15,000 (2009 - \$15,000) were incurred for accounting services provided by a company owned by one of the directors of the Company.
- b) Consulting fees of \$157,900 (2009 - \$100,800) were paid to companies owned by various directors of the Company.
- c) Rental fees of \$9,000 (2009 - \$9,000) were paid to a company owned by one of the directors of the Company.

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

**11 Stock-based compensation**

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

	<b>Granted May 28, 2010</b>	<b>Granted March 2, 2009</b>
Number of options	550,000	5,000,000
Dividend rate	0%	0%
Weighted average risk-free interest rate	2.08%	1.73%
Expected life	5 years	5 Years
Expected volatility	124%	134%
Weighted average strike price	\$ 1.15	\$ 1.15
Weighted average spot price	\$ 0.09	\$ 0.29
Expiry date	May 28, 2015	March 3, 2014
Fair value per option	\$ 0.05	\$ 0.22
<b>Stock-based compensation</b>	<b>\$ 29,590</b>	<b>\$ 1,079,200</b>

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

---

**June 30, 2010**

---

**11 Stock-based compensation (continued)**

---

During the period ended June 30, 2010, the Company issued nil (2009 – nil) shares for options exercised.

During the period ended June 30, 2010, the Company issued 550,000 (2009 – 5,000,000) options. Using the above assumptions, the stock-based compensation was \$29,590 which has been recorded in the consolidated interim statement of comprehensive (loss), and credited to contributed surplus.

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

---

**12 Financial instruments and risk management**

---

Fair value estimates of financial instruments are made at a specific point in time, based on relevant information about financial markets and specific financial instruments. As these estimates are subjective in nature, involving uncertainties and matters of significant judgment, they cannot be determined with precision. Changes in assumptions can significantly affect estimated fair values.

The carrying value of cash and equivalents, marketable securities, receivables, accounts payable and accrued liabilities and loan payable approximate their fair value because of the short-term nature of these instruments.

**Financial risk factors**

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

*Credit risk*

Credit risk is the risk of loss associated with counterparty's inability to fulfil its payment obligations. The Company's credit risk is primarily attributable to receivables. Management believes that the credit risk concentration with respect to financial instruments included in receivables is remote.

*Liquidity risk*

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As of June 30, 2010 and 2009, the Company had cash and equivalents balances of \$8,018,517 and \$12,814,252 to settle current liabilities of \$600,859 and \$270,625, respectively. All of the Company's financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms.

*Market risk*

Market risk includes currency risk, interest rate risk and price risk. The Company's activities expose it primarily to the financial risks of changes in the price of resources. The Company does not currently have any producing mines subject to this risk.

*Interest rate risk*

The Company has cash balances and no interest-bearing debt. The Company's current policy is to invest excess cash in investment-grade short-term investments issued by its banking institutions. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its banks. As of June 30, 2010, the Company had \$7,750,000 in a term deposit in a Canadian Bank.

*Foreign currency risk*

The Company is exposed to foreign currency risk on fluctuations related to assets and liabilities that are denominated in the currency of Namibia (Rand). Amounts exposed to foreign currency risk include cash of Rand \$225,892 as of June 30, 2010.

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

**June 30, 2010**

**13 Capital management**

The Company manages its capital structure, and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition, exploration and development of mining property interests. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

The properties in which the Company currently has an interest are in the exploration stage; as such, the Company has historically relied on the equity markets to fund its activities. The Company will continue to assess new properties and seek to acquire an interest in additional properties, if it feels there is sufficient economic potential and if it has adequate financial resources to do so.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. During the period ended June 30, 2010, the Company was not subject to externally imposed capital requirements.

<b>14 Segmented information</b>	<b>2010</b>	<b>2009</b>
The Company operates in one industry segment, but has assets in other geographical locations. Breakdown of assets by geographical area is as follows:		
Canada	\$ 12,524,678	\$ 19,561,361
Namibia	23,143,652	18,646,575
	<b>\$ 35,668,330</b>	<b>\$ 38,207,936</b>

<b>15 Income taxes</b>	<b>2010</b>	<b>2009</b>
A reconciliation of the statutory income tax rate to the effective rate for the Company is as follows:		
Statutory income tax rate	( 29%)	( 36%)
Tax losses not benefited	29%	36%
Effective tax rate	-	-

The Company has approximately \$23,768,000 of losses available for income tax purposes to reduce taxable income of future years. Amounts by country are \$5,653,900 for Canada and \$18,114,100 for Namibia. These non-capital losses will expire commencing in 2010 through 2029.

In addition, the Company has available mineral resource related expenditure pools totaling approximately \$4,089,309 which may be deducted against future taxable income on a discretionary basis.

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