

XEMPLAR ENERGY CORP.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(unaudited)

March 31, 2011

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

Under National Instrument 51-102, if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed consolidated interim financial statements of **Xemplar Energy Corp.** have been prepared by and are the responsibility of the Company's management. The Company's independent auditor has not performed a review or audit of these financial statements.

"Gerry Pallotta"

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XEMPLAR ENERGY CORP.

CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION
(unaudited)

	March 31, 2011	December 31, 2010 (Note 15)	January 1, 2010 (Note 15)
ASSETS			
Current			
Cash and cash equivalents	\$ 6,672,256	\$ 7,027,631	\$ 9,293,982
Accounts receivable (Note 4)	21,072	98,115	198,520
Marketable securities (Note 5)	274,040	511,190	241,280
Prepaid expenses and deposits	36,111	5,557	21
	7,003,479	7,642,493	9,733,803
Non-current			
Property, plant and equipment (Note 6)	2,526,599	2,846,107	4,160,155
Mineral properties (Note 7)	24,790,510	24,306,233	22,924,987
	\$ 34,320,588	\$ 34,794,833	\$ 36,818,945
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current			
Accounts payable and accruals	\$ 518,596	\$ 544,853	\$ 600,485
Shareholders' equity			
Share capital (Note 9)	45,040,060	45,040,060	45,040,060
Contributed surplus (Note 9)	25,486,520	25,486,520	24,740,755
Accumulated other comprehensive income (Note 2)	5,270	242,420	(399,620)
(Deficit)	(36,729,858)	(36,519,020)	(33,162,735)
	33,801,992	34,249,980	36,218,460
	\$ 34,320,588	\$ 34,794,833	\$ 36,818,945

RELATED PARTY TRANSACTIONS (Note 10)

Approved:

"Gerry Pallotta" Director

"Simon Tam" Director

See accompanying Notes.

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

For the quarter ended March 31	2011	2010
Income	\$ -	\$ -
Administrative expenses		
Amortization	1,435	1,956
Bank charges and interest	1,305	1,273
Consulting	93,444	94,851
Insurance	6,876	2,179
Marketing and promotion	3,857	3,024
Office and general	13,794	3,922
Printing and reproduction	907	295
Professional fees	10,129	30,918
Rent	29,018	7,242
Repairs and maintenance	732	1,034
Shareholder relations	525	1,117
Telephone	4,768	2,199
Transfer agent and exchange fees	3,070	3,682
Travel	9,963	38,510
Utilities	803	1,161
Wages and benefits	51,632	43,295
	232,258	236,658
(Loss) before other items	(232,258)	(236,658)
Other items		
Reclassification adjustment for losses included in other comprehensive (loss)	-	(399,620)
Realized (loss) on sale of investment	-	(59,374)
Interest income	21,420	10,898
	21,420	(448,096)
(Loss) before taxes	(210,838)	(684,754)
Income taxes (Note 14)	-	-
Net (loss)	(210,838)	(684,754)
Unrealized (loss) on available for sale securities	(237,150)	-
Comprehensive (loss) for the period	\$(447,988)	\$(684,754)
Basic and fully diluted (loss) per share	\$(0.002)	\$(0.006)
Weighted average number of common shares outstanding	119,572,469	119,572,469

See accompanying Notes.

XEMPLAR ENERGY CORP.

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY
(unaudited)

	Number of Shares	Share Capital	Contributed Surplus	Deficit	Total Equity
Balance, January 1, 2010	119,572,469	\$45,040,060	\$24,740,755	\$(33,162,735)	\$ 36,218,460
Net (loss) for the period				(684,754)	
Comprehensive (loss) for the period					(285,134)
Balance, March 31, 2010	119,572,469	\$45,040,060	\$24,740,755	\$(33,847,489)	\$ 35,933,326

	Number of Shares	Share Capital	Contributed Surplus	Deficit	Total Equity
Balance, January 1, 2011	119,572,469	\$45,040,060	\$25,486,520	\$(36,519,020)	\$ 34,249,980
Net (loss) for the period				(210,838)	
Comprehensive (loss) for the period					(447,988)
Balance, March 31, 2011	119,572,469	\$45,040,060	\$25,486,520	\$(36,729,858)	\$ 33,801,992

See accompanying Notes.

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

	Quarter ended March 31, 2011 (unaudited)	Year ended December 31, 2010 (audited)	Quarter ended March 31, 2010 (unaudited)
CASH FLOWS FROM:			
Operating activities			
Cash paid to suppliers	\$(210,593)	\$(1,099,334)	\$(114,397)
Interest income	21,420	58,765	45,911
	(189,173)	(1,040,569)	(68,486)
Investing activities			
Mineral properties	(166,202)	(1,537,517)	(729,243)
Proceeds from sale of available for sale investments	-	218,726	181,906
Proceeds from sale of equipment	-	36,357	-
	(166,202)	(1,282,434)	(547,337)
(Decrease) in cash	(355,375)	(2,323,003)	(615,823)
Cash at beginning of period	7,027,631	9,350,634	9,293,982
Cash at end of period	\$ 6,672,256	\$ 7,027,631	\$ 8,678,159
Supplemental cash flow disclosure			
The following non-cash transaction was recorded:			
Investing activities			
Shares received for sale of mineral property	\$ -	\$ 306,000	\$ -

See accompanying Notes.

XEMPLAR ENERGY CORP.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
(unaudited)

March 31, 2011

1 Nature of business and going concern

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. The Company’s common shares are listed on the TSX Venture Exchange (TSXV) under the symbol “XE”. The principal office is located at 306-595 Howe Street, Vancouver, B.C. V6C 2T5. The registered and records office is located at 300 – 576 Seymour Street, Vancouver, B.C. V6B 3K1.

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) on a going concern basis, which presumes the realization of assets and discharge of liabilities in the normal course of business for the foreseeable future. The Company’s ability to continue as a going concern is dependent upon achieving profitable operations and upon obtaining additional financing. The outcome of these matters cannot be predicted at this time. These financial statements do not include any adjustments to the amounts and classification of assets and liabilities that might be necessary should the Company be unable to continue in business. As of March 31, 2011 the Company had a working capital of \$6,484,883 (2010 - \$8,120,898).

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 and first time adoption of IFRS

These consolidated financial statements have been prepared in accordance with International Accounting Standards (IAS) 34, Interim Financial Reporting using accounting policies compliant with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and interpretations of the International Financial Reporting Standards Interpretations Committee (IFRIC). Accordingly they do not include all of the information required for full annual financial statements required by IFRS as issued by the International Accounting Standards Board (IASB) and interpretation of IFRIC. These financial statements have been prepared in accordance with IFRS 1, First time adoption of IFRS. The disclosures concerning the transition from historical Canadian generally accepted accounting principles (Canadian GAAP) to IFRS are included in Note 15. These statements include the accounts of the Company and its wholly owned subsidiary Namura Mineral Resources (Proprietary) Limited (“Namura”). Results from operations of the subsidiary are included in these consolidated financial statements from the date of acquisition. All significant inter-company transactions and balances have been eliminated.

The accounting policies adopted by the Company comply with IFRS in effect, or expected to be in effect, as at December 31, 2011. The IFRS standards that will be effective, or available for voluntary early adoption in the financial statements for the year ending December 31, 2011, are subject to change and may be affected by any additional interpretations issued subsequent to the release of these financial statements. Accordingly, the accounting policies will be finalized when the first annual IFRS financial statements are prepared for the year ending December 31, 2011.

The Company may elect among two options when measuring the value of its assets under IFRS. It may elect, on an asset by asset basis, to use either historical cost as measured under retrospective application of IFRS or fair value of an asset at the opening balance sheet date. These consolidated financial statements were prepared on a going concern basis, under the historical cost convention, except for the revaluation of certain financial instruments.

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

March 31, 2011

2 Significant accounting policies (continued)

Basis of measurement

These unaudited interim financial statements have been prepared on a historical cost basis except for the revaluation of certain financial instruments to fair value. In addition, these unaudited interim financial statements have been prepared using the accrual basis of accounting except for cash flow information.

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.

IFRS 6 sets out the specific requirements regarding the level at which exploration and evaluation assets are assessed for impairment and these tests for impairment are undertaken when facts and circumstances indicate that the carrying amount of an exploration and evaluation asset exceeds its recoverable amount. 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.

Property, plant and equipment

Property, plant and equipment are recorded at cost less accumulated amortization and any impairment losses. In the event the carrying amount of property plant and equipment is greater than its estimated recoverable amount, the carrying amount is written down immediately to its recoverable amount. A formal assessment of recoverable amount is made when impairment indicators are present. The cost of an item is recognized as an asset when it is probable that future economic benefits associated with the item will flow to the company and when the cost of the item can be accurately measured.

XEMPLAR ENERGY CORP.
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
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March 31, 2011

2 Significant accounting policies (continued)

Property, plant and equipment (continued)

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.

The amortization method, useful life and residual values are assessed annually and are tested for impairment as described in Impairment of Assets below.

Impairment of assets

At the end of each reporting period, the Company assesses whether there is any indication that an asset may be impaired. The assessment will include the consideration of external and internal sources of information. If such an indication exists, an impairment test is carried out on the asset by comparing recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the statement of comprehensive income. Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the group to which the asset belongs.

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. The calculation of diluted loss per share excludes the effects of conversions or exercise of options and warrants if they would be anti-dilutive.

Foreign currency translation

The functional and reporting currency of the Company is Canadian dollars. 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 period. 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 IAS 34 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.

XEMPLAR ENERGY CORP.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
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March 31, 2011

2 Significant accounting policies (continued)

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. Consideration received on the exercise of stock options is recorded as share capital and the related amount originally recorded in contributed surplus is transferred to capital 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 IFRS 7, financial instruments are classified into one of the following six categories: assets at fair value through profit or loss previously called held-for-trading, held-to-maturity investments, loans and receivables, available-for-sale financial assets, financial liabilities at fair value through profit or loss and financial liabilities measured at amortized cost.

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. Assets and liabilities at fair value through profit or loss 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.

The Company has designated its cash as at fair value through profit or loss, 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.

March 31, 2011

2 Significant accounting policies (continued)

Financial instruments (continued)

Impairment of financial assets

At each reporting date, the Company assesses whether there is objective evidence that a financial asset is impaired. Other than those classified as fair value through profit or loss, if an impairment exists, the loss is recognised in the consolidated statement of earnings. The impairment loss is measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognized in the consolidated statement of earnings.

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.

Future accounting standards not yet adopted

The IASB issued the following standards which are relevant but have not yet been adopted by the Company. IFRS 9, Financial instruments and IFRS 13, Fair value measurement. Each of the new standards is effective for annual periods beginning on or after January 1, 2013 with early adoption permitted. The Company has not yet begun the process of assessing the impact that the new and amended standards will have on its financial statements or whether to adopt any of the new requirements early.

IFRS 9, Financial instruments – classification and measurement, was issued in November 2009. It addresses classification and measurement of financial assets and replaces the multiple categories and measurement models in IAS 39, Financial Instruments – Recognition and Measurement, for debt instruments with a new mixed measurement model with only two categories: amortized cost and fair value through profit or loss. IFRS 9 also replaces the models for measuring equity instruments and such instruments are either recognized at fair value through profit or loss or at fair value through other comprehensive income. Where such equity instruments are measured at fair value through other comprehensive income, dividends, to the extent not clearly representing a return of investment, are recognized in profit or loss; however, other gains and losses (including impairments) associated with such instruments remain in accumulated comprehensive income indefinitely.

Requirements for financial liabilities were added in October 2010 and they largely carried forward existing requirements in IAS 39, except that fair value changes due to credit risk for liabilities designated at fair value through profit or loss would generally be recorded in other comprehensive income. IFRS 9 is required to be applied for accounting periods beginning on or after January 1, 2013 with earlier adoption permitted. The Company has not yet assessed the impact of the standard or determined whether it will adopt it early.

IFRS 13 – Fair Value Measurement, is a comprehensive standard for fair value measurement and disclosure requirements for use across all IFRS standards. The new standard clarifies that fair value is the price that would be received to sell an asset, or paid to transfer a liability in an orderly transaction between two market participants, at the measurement date. It also establishes disclosures about fair value measurement. Under existing IFRS, guidance on measuring and disclosing fair value is dispersed among the specific standards requiring fair value measurements and in many cases does not reflect a clear measurement basis or consistent disclosures.

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

March 31, 2011

2 Significant accounting policies (continued)

Comparative figures

Certain comparative figures have been reclassified to conform to the financial statement presentation adopted in the current period under IFRS 1 and IAS 34.

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 7).

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

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

4 Accounts receivable	2011	2010
Accrued interest	\$ 1,683	\$ -
GST and VAT receivables	15,873	68,242
Other	3,516	30,234
	\$ 21,072	\$ 98,476

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

March 31, 2011

5 Marketable securities	2011	2010
Virginia Energy Resources Inc. (1,054,000 common shares)	\$ 274,040	\$ -

As part of a mineral property deal, (see Note 7) the Company received 800,000 free trading shares of Virginia Energy Resources Inc. (Virginia), a company listed and trading on the TSX Venture 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. On April 22, 2010, the Company acquired an additional 1,200,000 free trading shares of Virginia in return for assigning all of its interest in an option agreement with respect to the Otish Property. Of all these shares, 946,000 were sold at prevailing market prices during the previous year. On March 31, 2011 the share price was \$0.26 per share.

6 Property, plant and equipment	2011			2010
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Computer equipment	\$ 68,495	\$ 67,611	\$ 884	\$ 20,901
Drilling equipment	3,905,697	2,366,188	1,539,509	2,320,649
Equipment	969,506	584,924	384,582	590,285
Furniture and fixtures	57,419	16,754	40,665	46,624
Motor vehicles	1,398,808	837,849	560,959	861,989
	\$ 6,399,925	\$ 3,873,326	\$ 2,526,599	\$ 3,840,448

7 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 convincing 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.

	Exploration and Acquisition Costs	Development Expenditures	Disposal and Abandonment	2011 Total	2010 Total
Canada:					
Corhill Property (see details next page)	\$ 319,657	\$ 248,728	\$ 568,385	\$ -	\$ 468,385
Otish Basin Uranium Property (see details next page)	1,204,397	599,666	1,804,063	-	874,063
Republic of Namibia:					
Namura Uranium Property (see details page 16)	3,341,172	21,449,338	-	24,790,510	22,629,532
	\$ 4,865,226	\$ 22,297,732	\$ 2,372,448	\$ 24,790,510	\$ 23,971,980

XEMPLAR ENERGY CORP.
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
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7 Mineral properties (continued)

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.

On September 30, 2010 the Company wrote off the balance of its investment in this property.

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
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XEMPLAR ENERGY CORP.
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
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7 Mineral properties (continued)

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 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% smelter royalty which can be reduced to 1.5% at a cost of \$1,500,000.

On January 15, 2010, Virginia exercised its option to take a 100% interest in the Otish Quebec uranium property. To complete the acquisition of the Xemplar Otish Property, Virginia delivered 1.2 million common shares to Xemplar.

On September 30, 2010 the Company wrote off the balance of its investment in this property.

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.

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8 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 period ended March 31, 2011 is as follows:

Mineral properties	Namibia \$	Total \$
Acquisition costs		
Balance, December 31, 2010	\$ 3,341,172	\$ 3,341,172
Additions during the period	-	-
Balance, March 31, 2011	\$ 3,341,172	\$ 3,341,172
Exploration costs		
Balance, December 31, 2010	\$ 18,241,367	\$ 18,241,367
Additions during the period	3,207,971	3,207,971
Balance, March 31, 2011	\$ 21,449,338	\$ 21,449,338
Cumulative Mineral Property Expenditures		
Acquisition costs	\$ 3,341,172	\$ 3,341,172
Exploration costs	21,449,338	21,449,338
Disposals and abandonments	-	-
Balance, March 31, 2011	\$ 24,790,510	\$ 24,790,510

9 Share capital

a) Authorized:

Unlimited common shares without par value

b) Issued and outstanding:

	Shares	2011 Amount	Shares	2010 Amount
Balance, beginning of year	119,572,469	\$ 45,040,060	119,572,469	\$ 45,040,060
Issued for property				
Private placement	-	-	-	-
Exercise of warrants	-	-	-	-
Exercise of options	-	-	-	-
Balance, end of period	119,572,469	\$ 45,040,060	119,572,469	\$ 45,040,060

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9 Share capital (continued)

c) Exercise of warrants

No warrants were granted or exercised during the current period.

d) Warrants

	Number of Warrants	2011 Weighted Average Exercise Price	Number of Warrants	2010 Weighted Average Exercise Price
Outstanding and exercisable, beginning of period	-	\$ -	3,736,350	\$ 3.97
Warrants granted	-	-	-	-
Warrants exercised	-	-	-	-
Warrants expired	-	-	3,736,350	-
Outstanding and exercisable, end of period	-	\$ -	-	\$ -

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 (10) ten 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 7,490,000 options repriced to \$0.30 from various strike prices which reduced the opening weighted average exercise price to \$0.33 from \$1.05.

	Number of Options	2011 Weighted Average Exercise Price	Number of Options	2010 Weighted Average Exercise Price
Outstanding and exercisable, beginning of period	11,040,000	\$ 0.33	10,690,000	\$ 0.99
Options granted	-	-	-	-
Options expired/cancelled	-	-	-	-
Options exercised	-	-	-	-
Outstanding and exercisable, end of period	11,040,000	\$ 0.33	10,690,000	\$ 1.05

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9 Share capital (continued)

f) Options (continued)

The following summarizes the stock options outstanding and exercisable at March 31, 2011:

Exercise Price	Outstanding at March 31, 2011	Exercisable at March 31, 2011	Expiry Date
\$ 0.30	1,000,000	1,000,000	June 2, 2011
\$ 0.30	40,000	40,000	January 9, 2012
\$ 0.30	50,000	50,000	May 9, 2012
\$ 0.30	250,000	250,000	September 1, 2012
\$ 0.30	1,500,000	1,500,000	December 18, 2012
\$ 0.30	1,050,000	1,050,000	June 30, 2013
\$ 0.30	4,600,000	4,600,000	March 2, 2014
\$ 0.30	550,000	550,000	May 28, 2015
\$ 0.30	2,000,000	2,000,000	November 23, 2015
	11,040,000	11,040,000	

g) Contributed surplus	2011	2010
Balance, beginning of period	\$ 25,486,520	\$ 24,740,755
Stock-based compensation expense	-	-
Options exercised	-	-
Balance, end of period	\$ 25,486,520	\$ 24,740,755

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 March 31, 2011 and 2010:

- a) Professional fees of \$7,500 (2010 - \$7,500) was incurred for accounting services provided by a company owned by one of the directors of the Company.
- b) Consulting fees of \$77,700 (2010 - \$79,600) were paid to companies owned by various directors of the Company.
- c) Rental fees of \$4,500 (2010 - \$4,500) 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.

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11 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 judgement, 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 March 31, 2011 and 2010 the Company had cash and equivalents balances of \$6,672,256 and \$8,678,459 to settle current liabilities of \$518,596 and \$686,300, 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 risk 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 March 31, 2011, the Company had \$6,400,000 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 1,228,219 as of March 31, 2011.

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12 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 March 31, 2011, the Company was not subject to externally imposed capital requirements.

13 Segmented information	2011	2010
The Company operates in one industry segment, but has assets in other geographical locations. Breakdown of assets by geographical area is as follows:		
Canada	\$ 6,812,506	\$ 9,044,199
Namibia	27,508,081	27,575,425
	\$ 34,320,587	\$ 36,619,624

14 Income taxes	2011	2010
A reconciliation of the statutory income tax rate to the effective rate for the Company is as follows:		
Statutory income tax rate	(30%)	(30%)
Tax losses not benefited	30%	30%
Effective tax rate	-	-

The Company has approximately \$26,788,301 of losses available for income tax purposes to reduce taxable income of future years. Amounts by country are \$4,714,213 for Canada and \$22,074,088 for Namibia.

In addition, the Company has available mineral resource related expenditure pools totaling approximately \$21,569,199 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.

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15 Transition to IFRS

IFRS 1 requires an entity to reconcile equity, comprehensive income and cash flows for comparative periods. The Company's adoption of IFRS did not have a significant impact on equity, net income (loss) and comprehensive income (loss), and operating, investing or financing activities in the prior periods. As a result, there were no adjustments to the statements of comprehensive income (loss) and cash flows. The effect of the Company's transition to IFRS, described in Note 2, is summarized in this note as follows:

- Reconciliation of assets, liabilities and equity
- Reconciliation of net income (loss) and comprehensive (loss)
- Reconciliation of cash flows

Reconciliation of assets, liabilities and equity

The table below provides a summary of the adjustments to the Company's balance sheets at December 31, 2010, March 31, 2010 and January 1, 2010.

	December 31 2010	March 31 2010	January 1 2010
Total assets under Canadian GAAP	\$ 34,794,833	\$ 36,619,626	\$ 36,875,598
Adjustment required on adoption of IFRS	-	-	-
Total assets under IFRS	\$ 34,794,833	\$ 36,619,626	\$ 36,875,598
Total liabilities under Canadian GAAP	\$ 544,853	\$ 686,300	\$ 657,138
Adjustment required on adoption of IFRS	-	-	-
Total liabilities under IFRS	\$ 544,853	\$ 686,300	\$ 657,138
Total equity under Canadian GAAP	\$ 34,249,980	\$ 35,933,326	\$ 36,218,460
Adjustment required on adoption of IFRS	-	-	-
Total equity under IFRS	\$ 34,249,980	\$ 35,933,326	\$ 36,218,460
Total liabilities and equity under IFRS	\$ 34,794,833	\$ 36,619,626	\$ 36,875,598

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15 Transition to IFRS (continued)

Reconciliation of net income (loss) and comprehensive (loss)

The table below provides a summary of the adjustments to net income (loss) and to comprehensive income (loss) for the year ended December 31, 2010 and for the three months ended March 31, 2010.

	December 31 2010	March 31 2010
Net (loss) under Canadian GAAP	\$(3,356,285)	\$(684,754)
Adjustment required on adoption of IFRS	-	-
Net (loss) under IFRS	\$(3,356,285)	\$(684,754)
Comprehensive (loss) under Canadian GAAP	\$(3,113,865)	\$(684,754)
Adjustment required on adoption of IFRS	-	-
Comprehensive (loss) under IFRS	\$(3,113,865)	\$(684,754)

Reconciliation of cash flows

The table below provides a summary of the adjustments to cash flows for the year ended December 31, 2010 and for the three months ended March 31, 2010.

	December 31 2010	March 31 2010
Operating activities under Canadian GAAP	\$(1,040,569)	\$(68,486)
Adjustment required on adoption of IFRS	-	-
Operating activities under IFRS	\$(1,040,569)	\$(68,486)
Investing activities under Canadian GAAP	\$(1,282,434)	\$(547,337)
Adjustment required on adoption of IFRS	-	-
Investing activities under IFRS	\$(1,282,434)	\$(547,337)
Financing activities under Canadian GAAP	\$ -	\$ -
Adjustment required on adoption of IFRS	-	-
Financing activities under IFRS	\$ -	\$ -