

SAHARA ENERGY LTD.

Statement of Reserves Data and Other Oil and Gas Information

Year Ended December 31, 2006

Dated April 30th, 2007

SELECTED TERMS

"**ARTC**" means the Alberta Royalty Tax Credit;

"**Board**" means the Board of Directors of the Corporation;

"**CDN**" means Canadian;

"**COGE Handbook**" means the Canadian Oil and Gas Evaluation Handbook prepared jointly by the Society of Petroleum Evaluation Engineers (Calgary chapter) and the Canadian Institute of Mining, Metallurgy & Petroleum;

"**DeGolyer**" means DeGolyer and MacNaughton Canada Limited;

"**Degolyer Report**" means an evaluation of the Corporation's oil and natural gas reserves by DeGolyer with an effective date of December 31, 2006 contained in a report dated April 2nd, 2007;

"**NI 51-101**" means National Instrument 51-101 Standards Of Disclosure For Oil and Gas Activities;

"**Sahara**" or the "**Corporation**" means Sahara Energy Ltd.; and

"**Statement**" means this statement of reserves data and other oil and gas information.

ABBREVIATIONS

Oil and Natural Gas Liquids

Bbls	barrels
Mbbls	thousand barrels
MMbbls	million barrels
NGLs	natural gas liquids
Stb	stock tank barrels of oil
Mstb	thousand stock tank barrels of oil
Mmboe	million barrels of oil equivalent
Bbls/d	barrels per day

Natural Gas

Mcf	thousand cubic feet
MMcf	million cubic feet
Bcf	billion cubic feet
Mcf/d	thousand cubic feet per day
Mmcf/d	million cubic feet per day
M ³	cubic metres
Mmbtu	million British Thermal Units
GJ	Gigajoule

Other

BOE or Boe	barrel of oil equivalent, using the conversion factor of 6 mcf of natural gas being equivalent to one bbl of oil
Boe/d	barrels of oil equivalent per day
WTI	West Texas Intermediate
API	the measure of the density or gravity of liquid petroleum products derived from a specific gravity
psi	pounds per square inch
\$000's or M\$	thousands of dollars
MM\$	millions of dollars

Boes may be misleading, particularly if used in isolation. A boe conversion ratio of 6 mcf:1 bbl is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead.

CONVENTIONS

Words importing the singular number only include the plural, and vice versa, and words importing any gender include all genders.

All dollar amounts set forth in this Statement are in Canadian dollars, except where otherwise indicated.

Certain other terms used herein but not defined herein are defined in NI 51-101 and, unless the context otherwise requires, shall have the same meanings herein as in NI 51-101.

CONVERSIONS

The following table sets forth certain conversions between Standard Imperial Units and the International System of Units (or metric units).

<u>To Convert From</u>	<u>To</u>	<u>Multiply By</u>
mcf	cubic metres	28.174
cubic metres	cubic feet	35.494
bbls	cubic metres	0.159
cubic metres	bbls	6.289
feet	metres	0.305
metres	feet	3.281
miles	kilometres	1.609
kilometres	miles	0.621
acres	hectares	0.405
hectares	acres	2.471
gigajoules	mmbtu	0.950

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

Certain statements contained in this Statement constitute forward-looking statements. When used in this document, the words "may", "would", "could", "will", "intend", "plan", "anticipate", "believe", "seek", "propose", "estimate", "expect" and similar expressions, as they relate to the Corporation's management, are intended to identify forward-looking statements. Such statements reflect the Corporation's current views with respect to future events and are subject to certain risks, uncertainties and assumptions. Many factors could cause the Corporation's actual results, performance or achievements to vary from those described in this Statement. Should one or more of these risks or uncertainties materialize, or should assumptions underlying forward-looking statements prove incorrect, actual results may vary materially from those described in this Statement as intended, planned, anticipated, believed, estimated or expected.

DISCLOSURE OF RESERVES DATA AND OTHER OIL AND GAS INFORMATION

The statement of reserves data and other oil and gas information set forth below is dated April 2nd, 2007. The effective date of the Statement is December 31, 2006 and the preparation date of the Statement is April 30th, 2007. Readers should note that tables may not add due to rounding. The Report of Management and Directors on Reserves Data and Other Oil and Gas Information in Form 51-101F3 and the Report on Reserves Data by DeGolyer in Form 51-101F2 are attached as Appendices "A" and "B", respectively, to this Statement.

Disclosure of Reserves Data

Oil and Natural Gas Reserves

The reserves data set forth below (the "**Reserves Data**") is based upon the DeGolyer Report. The Reserves Data summarizes the oil, liquids and natural gas reserves of Sahara and the net present values of future net revenue for these reserves using constant prices and costs and forecast prices and costs. The Reserves Data conforms with the requirements of NI 51-101. Sahara engaged DeGolyer to provide an evaluation of 100% of Sahara's proved and proved plus probable reserves and no attempt was made to evaluate possible reserves. **It should not be assumed that the estimates of future net revenues presented in the tables below represent the fair market value of the reserves. There is no assurance that the constant prices and costs assumptions and forecast prices and costs assumptions will be attained and variances could be material. The recovery and reserve estimates of the Corporation's crude oil, natural gas liquids and natural gas reserves provided herein are estimates only and there is no guarantee that the estimated reserves will be recovered. Actual crude oil, natural gas and natural gas liquid reserves may be greater than or less than the estimates provided herein.**

We engaged DeGolyer to provide an evaluation of our proved and proved plus probable reserves and no attempt was made to evaluate possible reserves. All of our reserves are in Canada and, specifically, in the Provinces of Saskatchewan and Alberta.

**SUMMARY OF OIL AND GAS RESERVES
AND NET PRESENT VALUES OF FUTURE NET REVENUE
AS OF DECEMBER 31, 2006
CONSTANT PRICES AND COSTS**

RESERVES CATEGORY	RESERVES							
	Oil				Gas			
	Light and Medium		Heavy		Natural Gas ⁽¹⁾		Natural Gas Liquids	
	Gross ⁽²⁾	Net ⁽³⁾	Gross ⁽²⁾	Net ⁽³⁾	Gross ⁽²⁾	Net ⁽³⁾	Gross ⁽²⁾	Net ⁽³⁾
	(Mbbbls)	(Mbbbls)	(Mbbbls)	(Mbbbls)	(MMcft)	(MMcft)	(Mbbbls)	(Mbbbls)
PROVED								
Developed Producing	28	22	208	181	-	-	-	-
Developed Non-Producing	-	-	12	11	612	437	3	2
Undeveloped	-	-	190	158	26	21	-	-
TOTAL PROVED	28	22	410	349	637	458	3	2
PROBABLE	13	11	601	525	204	135	1	0
TOTAL PROVED PLUS PROBABLE	41	33	1,011	874	841	593	4	3
POSSIBLE	-	-	238	210	-	-	-	-
TOTAL PROVED PLUS PROBABLE PLUS POSSIBLE	41	33	1,249	1,084	841	593	4	3

Notes:

- (1) Estimates of Reserves of natural gas include associated and non-associated gas.
- (2) "Gross Reserves" are Corporation's working interest share of remaining reserves before the deduction of royalties.
- (3) "Net Reverses" are Corporation's working interest share of remaining reserves less all Crow, freehold and overriding royalties and interests.

RESERVES CATEGORY	NET PRESENT VALUES (NPV) OF FUTURE NET REVENUE (FNR)									
	BEFORE INCOME TAXES DISCOUNTED AT					AFTER INCOME TAXES DISCOUNTED AT				
	(%/year)					(%/year)				
	0	5	10	15	20	0	5	10	15	20
	(M\$)	(M\$)	(M\$)	(M\$)	(M\$)	(M\$)	(M\$)	(M\$)	(M\$)	(M\$)
PROVED										
Developed Producing	4,535	4,171	3,852	3,571	3,322	3,554	3,257	2,998	2,770	2,570
Developed Non-Producing	2,318	1,829	1,518	1,305	1,150	1,777	1,340	1,072	895	770
Undeveloped	1,237	901	625	397	208	759	484	260	79	(70)
TOTAL PROVED	8,090	6,901	5,995	5,273	4,680	6,090	5,081	4,330	3,744	3,270
PROBABLE	8,950	6,342	4,577	3,331	2,423	6,154	4,218	2,911	1,992	1,326
TOTAL PROVED PLUS PROBABLE	17,040	13,243	10,572	8,604	7,103	12,244	9,299	7,241	5,736	4,596
POSSIBLE	2,925	1,733	1,015	559	254	1,969	1,109	588	256	33
TOTAL PROVED PLUS PROBABLE PLUS POSSIBLE	19,965	14,976	11,587	9,163	7,357	14,213	10,408	7,829	5,992	4,629

**TOTAL FUTURE NET REVENUE
(UNDISCOUNTED)
AS OF DECEMBER 31, 2006
CONSTANT PRICES AND COSTS**

RESERVES CATEGORY	REVENUE (M\$) ⁽¹⁾	ROYALTIES (M\$) ⁽²⁾	OPERATING COSTS (M\$)	DEVELOPMENT COSTS (M\$)	WELL ABANDONMENT COSTS (M\$)	NET REVENUE (M\$)	INCOME TAXES (M\$)	FUTURE NET REVENUE AFTER INCOME TAXES (M\$)
Proved Developed Producing	9,862	1,477	3,353	-	497	4,535	981	3,554
Proved Developed	15,095	2,661	4,422	568	591	6,853	1,522	5,331
TOTAL PROVED	22,677	4,023	6,873	2,926	764	8,090	1,999	6,090
TOTAL PROVED PLUS PROBABLE	48,770	7,752	15,818	7,093	1,068	17,040	4,796	12,244
TOTAL PROVED PLUS PROBABLE PLUS POSSIBLE	58,061	8,868	19,162	8,852	1,214	19,965	5,753	14,213

Notes:

- (1) Total revenue includes revenue before royalty and includes other income before ARTC.
(2) Royalties include crown royalties, overriding royalties, freehold royalties and mineral taxes less ARTC credits.

**FUTURE NET REVENUE
BY PRODUCTION GROUP
AS OF DECEMBER 31, 2006
CONSTANT PRICES AND COSTS**

RESERVES CATEGORY	PRODUCTION GROUP	FUTURE NET REVENUE BEFORE INCOME TAXES (discounted at 10%/year) (M\$)
Proved	Light and Medium Crude Oil (including solution gas)	838
	Heavy Oil	3,867
	Natural Gas (including by-products but excluding gas from oil wells)	1,290
Proved Plus Probable	Light and Medium Crude Oil (including solution gas)	1,105
	Heavy Oil	7,644
	Natural Gas (including by-products but excluding gas from oil wells)	1,823

**SUMMARY OF OIL AND GAS RESERVES
AND NET PRESENT VALUES OF FUTURE NET REVENUE
AS OF DECEMBER 31, 2006
FORECAST PRICES AND COSTS**

RESERVES CATEGORY	RESERVES							
	Oil				Gas			
	Light and Medium		Heavy		Natural Gas ⁽¹⁾		Natural Gas Liquids	
	Gross ⁽²⁾	Net ⁽³⁾	Gross ⁽²⁾	Net ⁽³⁾	Gross ⁽²⁾	Net ⁽³⁾	Gross ⁽²⁾	Net ⁽³⁾
	(Mbbbls)	(Mbbbls)	(Mbbbls)	(Mbbbls)	(MMcf)	(MMcf)	(Mbbbls)	(Mbbbls)
PROVED:								
Developed Producing	28	22	207	180	-	-	-	-
Developed Non-Producing	-	-	12	11	610	434	3	2
Undeveloped	-	-	188	157	26	21	-	-
TOTAL PROVED	28	22	407	347	635	455	3	2
PROBABLE	13	11	597	523	197	129	1	0
TOTAL PROVED PLUS PROBABLE	41	33	1,004	870	832	584	4	3
POSSIBLE	-	-	239	210	-	-	-	-
TOTAL PROVED PLUS PROBABLE PLUS POSSIBLE	41	33	1,243	1,080	832	584	4	3

Notes:

- (1) Estimates of Reserves of natural gas include associated and non-associated gas.
- (2) "Gross Reserves" as Corporation's working interest share of remaining reserves before the deduction of royalties.
- (3) "Net Reserves" are Corporation's working interest share of remaining reserves less all Crow, freehold and overriding royalties and interests owned by others.

RESERVES CATEGORY	NET PRESENT VALUES OF FUTURE NET REVENUE									
	BEFORE INCOME TAXES DISCOUNTED AT					AFTER INCOME TAXES DISCOUNTED AT				
	(%/year)					(%/year)				
	0	5	10	15	20	0	5	10	15	20
	(M\$)	(M\$)	(M\$)	(M\$)	(M\$)	(M\$)	(M\$)	(M\$)	(M\$)	(M\$)
PROVED:										
Developed Producing	4,925	4,546	4,211	3,914	3,650	3,804	3,501	3,233	2,997	2,787
Developed Non-Producing	2,500	1,947	1,604	1,375	1,209	1,914	1,429	1,136	945	813
Undeveloped	1,543	1,187	891	642	435	986	683	441	244	82
TOTAL PROVED	8,968	7,680	6,706	5,931	5,294	6,704	5,613	4,810	4,186	3,682
PROBABLE	10,020	7,144	5,219	3,871	2,890	6,853	4,746	3,336	2,350	1,635
TOTAL PROVED PLUS PROBABLE	18,988	14,824	11,925	9,802	8,184	13,557	10,359	8,146	6,536	5,317
POSSIBLE	3,516	2,110	1,279	759	415	2,363	1,360	764	388	139
TOTAL PROVED PLUS PROBABLE PLUS POSSIBLE	22,504	16,934	13,204	10,561	8,599	15,920	11,719	8,910	6,924	5,456

**TOTAL FUTURE NET REVENUE
(UNDISCOUNTED)
AS OF DECEMBER 31, 2006
FORECAST PRICES AND COSTS**

RESERVES CATEGORY	REVENUE (M\$) ⁽¹⁾	ROYALTIES (M\$) ⁽²⁾	OPERATING COSTS (M\$)	DEVELOPMENT COSTS (M\$)	WELL ABANDONMENT COSTS (M\$)	NET REVENUE (M\$)	INCOME TAXES (M\$)	FUTURE NET REVENUE AFTER INCOME TAXES ⁽¹⁾ (M\$)
Proved Developed								
Producing	10,617	1,575	3,560	-	557	4,925	1,121	3,804
Proved Developed	16,425	2,914	4,788	621	677	7,425	1,707	5,718
TOTAL PROVED	24,665	4,387	7,427	3,001	882	8,968	2,264	6,704
TOTAL PROVED PLUS PROBABLE	53,698	8,466	17,693	7,287	1,265	18,988	5,430	13,557
TOTAL PROVED PLUS PROBABLE PLUS POSSIBLE	64,507	9,734	21,714	9,110	1,445	22,504	6,583	15,920

Notes:

- (1) Total revenue includes revenue before royalty and includes other income before ARTC.
- (2) Royalties include crown royalties, overriding royalties, freehold royalties and mineral taxes less ARTC credits.

**FUTURE NET REVENUE
BY PRODUCTION GROUP
AS OF DECEMBER 31, 2006
FORECAST PRICES AND COSTS**

RESERVES CATEGORY	PRODUCTION GROUP	FUTURE NET REVENUE BEFORE INCOME TAXES (discounted at 10%/year) (M\$)
Proved	Light and Medium Crude Oil (including solution gas)	822
	Heavy Oil	4,536
	Natural Gas (including by-products but excluding solution gas from oil wells)	1,348
Proved Plus Probable	Light and Medium Crude Oil (including solution gas)	1,069
	Heavy Oil	8,959
	Natural Gas (including by-products but excluding solution gas from oil wells)	1,897

Definitions and Other Notes

In the tables set forth above in "Disclosure of Reserves Data" and elsewhere herein the following definitions and other notes are applicable:

1. "Gross" means:
 - (a) in relation to Sahara's interest in production and reserves, its "Corporation gross reserves", which are Sahara's interest (operating and non-operating) share before deduction of royalties and without including any royalty interests of Sahara;
 - (b) in relation to wells, the total number of wells in which Sahara has an interest; and
 - (c) in relation to properties, the total area of properties in which Sahara has an interest.

2. "Net" means:
- (a) in relation to Sahara's interest in production and reserves, its "Corporation gross reserves", which are Sahara's interest (operating and non-operating) share after deduction of royalties obligations, plus Sahara's royalty interest in production or reserves;
 - (b) in relation to wells, the number of wells obtained by aggregating Sahara's working interest in each of its gross wells; and
 - (c) in relation to Sahara's interest in a property, the total area in which Sahara has an interest multiplied by the working interest owned by Sahara.
3. The crude oil, natural gas liquids and natural gas reserve estimates presented in the DeGolyer Report are based on the definitions and guidelines contained in the COGE Handbook. A summary of those definitions are set forth below:

Reserve Categories

Reserves are estimated remaining quantities of oil and natural gas and related substances anticipated to be recoverable from known accumulations, from a given date forward, based on:

- analysis of drilling, geological, geophysical and engineering data;
- the use of established technology; and
- specified economic conditions (see "*Economic Assumptions*" below).

Reserves are classified according to the degree of certainty associated with the estimates:

- (a) Proved reserves are those reserves that can be estimated with a high degree of certainty to be recoverable. It is likely that the actual remaining quantities recovered will exceed the estimated proved reserves.
- (b) Probable reserves are those additional reserves that are less certain to be recovered than proved reserves. It is equally likely that the actual remaining quantities recovered will be greater or less than the sum of the estimated proved plus probable reserves.

Other criteria that must also be met for the categorization of reserves are provided in the COGE Handbook.

Each of the reserve categories (proved and probable) may be divided into developed and undeveloped categories:

- (a) Developed reserves are those reserves that are expected to be recovered from existing wells and installed facilities or, if facilities have not been installed, that would involve a low expenditure (for example, when compared to the cost of drilling a well) to put the reserves on production. The developed category may be subdivided into producing and non-producing.
 - (i) Developed producing reserves are those reserves that are expected to be recovered from completion intervals open at the time of the estimate. These reserves may be currently producing or, if shut-in, they must have previously been on production, and the date of resumption of production must be known with reasonable certainty.
 - (ii) Developed non-producing reserves are those reserves that either have not been on production, or have previously been on production, but are shut-in, and the date of resumption of production is unknown.
- (b) Undeveloped reserves are those reserves expected to be recovered from known accumulations where a significant expenditure (for example, when compared to the cost of drilling a well) is required to render them capable of production. They must fully meet the requirements of the reserves classification (proved, probable) to which they are assigned.

In multi-well pools it may be appropriate to allocate total pool reserves between the developed and undeveloped categories or to subdivide the developed reserves for the pool between developed producing and developed non-

producing. This allocation should be based on the estimator's assessment as to the reserves that will be recovered from specific wells, facilities and completion intervals in the pool and their respective development and production status.

Levels of Certainty for Reported Reserves

The qualitative certainty levels referred to in the definitions above are applicable to individual reserve entities (which refers to the lowest level at which reserves calculations are performed) and to reported reserves (which refers to the highest level sum of individual entity estimates for which reserves are presented). Reported reserves should target the following levels of certainty under a specific set of economic conditions:

- at least a 90 percent probability that the quantities actually recovered will equal or exceed the estimated proved reserves; and
- at least a 50 percent probability that the quantities actually recovered will equal or exceed the sum of the estimated proved plus probable reserves.

A qualitative measure of the certainty levels pertaining to estimates prepared for the various reserves categories is desirable to provide a clearer understanding of the associated risks and uncertainties. However, the majority of reserves estimates will be prepared using deterministic methods that do not provide a mathematically derived quantitative measure of probability. In principle, there should be no difference between estimates prepared using probabilistic or deterministic methods.

Additional clarification of certain levels associated with reserve estimates and the effect of aggregation is provided in the COGE Handbook.

4. *Forecast prices and costs*

Future prices and costs that are:

- (a) generally acceptable as being a reasonable outlook of the future; and
- (b) if and only to the extent that, there are fixed or presently determinable future prices or costs to which Sahara is legally bound by a contractual or other obligation to supply a physical product, including those for an extension period of a contract that is likely to be extended, those prices or costs rather than the prices and costs referred to in paragraph (a).

The forecast summary table under "*Pricing Assumptions*" below identifies benchmark reference pricing that apply to Sahara.

5. *Constant prices and costs*

Prices and costs used in an estimate that are:

- (a) Sahara's prices and costs as at the effective date of the estimation, held constant throughout the estimated lives of the properties to which the estimate applies; and
- (b) if, and only to the extent that, there are fixed or presently determinable future prices or costs to which Sahara is legally bound by a contractual or other obligation to supply a physical product, including those for an extension period of a contract that is likely to be extended, those prices or costs rather than the prices and costs referred to in paragraph (a).

For the purposes of paragraph (a), Sahara's prices are the posted prices for oil and the spot price for gas, after historical adjustments for transportation, gravity and other factors.

6. ARTC is included in the cumulative cash flow amounts. ARTC is based on the program announced November 1989 by the Alberta government with modifications effective January 1, 1995. Sahara qualifies for the maximum ARTC.

7. *Future Income Tax Expense*

Future income expenses estimate:

- (a) making appropriate allocations of estimated unclaimed costs and losses carried forward for tax purposes;
- (b) without deducting estimated future costs that are not deductible in computing taxable income;
- (c) taking into account estimated tax credits and allowances; and
- (d) applying to the future pre-tax net cash flows relating to our oil and gas activities, the appropriate year-end statutory rates, taking into account future tax rates already legislated.

8. **"Development well"** means a well drilled inside the established limits of an oil and gas reservoir, or in close proximity to the edge of the reservoir, to the depth of a stratigraphic horizon known to be productive.

9. **"Development costs"** means costs incurred to obtain access to reserves and to provide facilities for extracting, treating, gathering and storing the oil and gas from reserves. More specifically, development costs, including applicable operating costs of support equipment and facilities and other costs of development activities, are costs incurred to:

- (a) gain access to and prepare well locations for drilling, including surveying well locations for the purpose of determining specific development drilling sites, clearing ground draining, road building, and relocating public roads, gas lines and power lines, pumping equipment and wellhead assembly;
- (b) drill and equip development wells, development type stratigraphic test wells and service wells, including the costs of platforms and of well equipment such as casing, tubing, pumping equipment and wellhead assembly;
- (c) acquire, construct and install production facilities such as flow lines, separators, treaters, heaters, manifolds, measuring devices and production storage tanks, natural gas cycling and processing plants, and central utility and waste disposal systems; and
- (d) provide improved recovery systems.

10. **"Exploration well"** means a well that is not a development well, a service well or a stratigraphic test well.

11. **"Exploration costs"** means costs incurred in identifying areas that may warrant examination and in examining specific areas that are considered to have prospects that may contain oil and gas reserves, including costs of drilling exploratory wells and exploratory type stratigraphic test wells. Exploration costs may be incurred both before acquiring the related property and after acquiring the property. Exploration costs, which include applicable operating costs of support equipment and facilities and other costs of exploration activities, are:

- (a) costs of topographical, geochemical, geological and geophysical studies, rights of access to properties to conduct those studies, and salaries and other expenses of geologists, geophysical crews and others conducting those studies;
- (b) costs of carrying and retaining unproved properties, such as delay rentals, taxes (other than income and capital taxes) on properties, legal costs for title defence, and the maintenance of land and lease records;
- (c) dry hole contributions and bottom hole contributions;
- (d) costs of drilling and equipping exploratory wells; and
- (e) costs of drilling exploratory type stratigraphic test wells.

12. **"Service well"** means a well drilled or completed for the purpose of supporting production in an existing field. Wells in this class are drilled for the following specific purposes: gas injection (natural gas, propane, butane or flue gas), water injection, steam injection, air injection, salt water disposal, water supply for injection, observation or injection for combustion.

Pricing Assumptions

The following prices are the benchmark reference prices, as at December 31, 2006, and are reflected in the Reserves Data. These price assumptions were provided to Sahara by DeGolyer.

SUMMARY OF PRICING AND INFLATION RATE ASSUMPTIONS AS OF DECEMBER 31, 2006 CONSTANT PRICES AND COSTS

Year	Oil			Gas	Natural Gas			Inflation	
	WTI Cushing Oklahoma (\$US/bbl)	Edmonton Par Price 40 degree API ⁽³⁾ (\$Cdn/bbl)	Heavy Oil Price 12 degree API (\$Cdn/bbl)	Natural Gas AECO Price ⁽³⁾ (\$Cdn/Mmbtu)	Pentanes Plus FOB Field Gate (\$Cdn/bbl)	Butanes FOB Field Gate (\$Cdn/bbl)	Edmonton Propane FOB Field Gate (\$Cdn/bbl)	Inflation Rate ⁽¹⁾ (%/Yr)	Exchange Rate ⁽²⁾ (\$US/\$Cdn)
2007	-	59.72	39.41	7.40	76.62	54.84	46.57	-	-

Notes:

- (1) Not applicable.
- (2) Not applicable.
- (3) Light oil and gas prices are as at December 31, 2006.
- (4) Natural gas liquids prices are based on the DeGolyer and MacNaughton Canada Limited 2007 forecast prices.
- (5) Product sale prices will reflect these reference prices with further adjustments for quality and transportation to point of sale.

SUMMARY OF PRICING AND INFLATION RATE ASSUMPTIONS AS AT DECEMBER 31, 2006 FORECAST PRICES AND COSTS

Year	Crude Oil			Natural Gas	Natural Gas Liquids	Inflation Rates	Exchange Rate
	WTI Cushing \$/bbl US	Edmonton Reference \$/bbl Cdn	Hardisty 25 API \$/bbl Cdn	Alberta AECO Average Current \$/mmbtu Cdn	Condensate \$/bbl Cdn	%/year	(\$US/\$Cdn)
2007	65.00	75.12	44.34	7.32	76.62	0.0	0.862
2008	65.53	75.71	45.01	7.91	77.23	4.0	0.862
2009	64.27	74.26	45.21	7.72	75.74	3.0	0.862
2010	61.73	71.30	44.26	7.48	72.73	2.0	0.862
2011	59.07	68.20	43.15	7.68	69.57	2.0	0.862
2012	59.11	68.25	43.19	7.77	69.62	2.0	0.862
Thereafter	Various Escalation Rates						

Reconciliations of Changes in Reserves and Future Net Revenue

**RESERVES RECONCILIATION – FORECAST PRICE CASE
COMPANY SHARE NET
AS AT DECEMBER 31, 2006**

	Total Oil (BBL)	Light/Med Oil (BBL)	Heavy Oil (BBL)	Sales Gas (MMCF)	NGL (BBL)	BOE (BBL)
TOTAL PROVED PRODUCING						
Opening Balance (Dec. 31, 2005)	21,187	21,187	-	-	-	21,187
Extensions	89,226	89,226	-	-	-	89,226
Improved Recovery	-	-	-	-	-	-
Technical Revisions ⁽¹⁾	71,434	71,434	-	-	-	71,434
Discoveries	-	-	-	-	-	-
Acquisitions ⁽²⁾	38,962	38,962	-	-	-	38,962
Dispositions ⁽²⁾	-	-	-	-	-	-
Economic Factors ⁽³⁾	(1,605)	(1,605)	-	-	-	(1,605)
Productions	(16,424)	(16,424)	-	-	-	(16,424)
Closing Balance (Dec. 31, 2006)	202,781	202,781	-	-	-	202,781
TOTAL PROVED DEVELOPED						
Opening Balance (Dec. 31, 2005)	42,592	42,592	-	91	-	57,759
Extensions	99,731	99,731	-	79	-	112,898
Improved Recovery	-	-	-	-	-	-
Technical Revisions ⁽¹⁾	50,974	50,974	-	(21)	-	47,474
Discoveries	-	-	-	-	-	-
Acquisitions ⁽²⁾	38,962	38,962	-	278	2,215	87,510
Dispositions ⁽²⁾	-	-	-	-	-	-
Economic Factors ⁽³⁾	(2,549)	(2,549)	-	7	-	(1,382)
Productions	(16,424)	(16,424)	-	-	-	(16,424)
Closing Balance (Dec. 31, 2006)	213,286	213,286	-	434	2,215	287,834
TOTAL PROVED						
Opening Balance (Dec. 31, 2005)	54,220	54,220	-	91	-	69,387
Extensions	157,910	157,910	-	100	-	174,577
Improved Recovery	-	-	-	-	-	-
Technical Revisions ⁽¹⁾	97,169	97,169	-	(22)	-	93,502
Discoveries	-	-	-	-	-	-
Acquisitions ⁽²⁾	79,554	79,554	-	278	2,215	128,102
Dispositions ⁽²⁾	-	-	-	-	-	-
Economic Factors ⁽³⁾	(3,020)	(3,020)	-	7	-	(1,853)
Productions	(16,424)	(16,424)	-	-	-	(16,424)
Closing Balance (Dec. 31, 2006)	369,409	369,409	-	454	2,215	447,291
TOTAL PROVED - PROBABLE						
Opening Balance (Dec. 31, 2005)	198,755	198,755	-	93	-	214,255
Extensions	492,512	492,512	-	104	-	509,845
Improved Recovery	-	-	-	-	-	-
Technical Revisions ⁽¹⁾	101,455	101,455	-	(21)	-	97,955
Discoveries	-	-	-	-	-	-
Acquisitions ⁽²⁾	133,933	133,933	-	401	2,690	203,516
Dispositions ⁽²⁾	-	-	-	-	-	-
Economic Factors ⁽³⁾	(7,408)	(7,408)	-	7	-	(6,241)
Productions	(16,424)	(16,424)	-	-	-	(16,424)
Closing Balance (Dec. 31, 2006)	902,883	902,883	-	584	2,690	1,002,906
TOTAL PROVED – PROB + POS						
Opening Balance (Dec. 31, 2005)	476,525	476,525	-	93	-	492,025
Extensions	623,443	623,443	-	104	-	640,776
Improved Recovery	-	-	-	-	-	-
Technical Revisions ⁽¹⁾	(103,603)	(103,603)	-	(21)	-	(107,103)
Discoveries	-	-	-	-	-	-
Acquisitions ⁽²⁾	146,844	146,844	-	401	2,690	216,367
Dispositions ⁽²⁾	-	-	-	-	-	-
Economic Factors ⁽³⁾	(13,212)	(13,212)	-	7	-	(12,045)
Productions	(16,424)	(16,424)	-	-	-	(16,424)
Closing Balance (Dec. 31, 2006)	1,113,573	1,113,573	-	584	2,690	1,213,596

Notes:

- (1) Includes technical revisions due to reservoir performance, geological and engineering changes; economic revisions due to changes in economic limits; and working interest changes resulting from the timing of interest reversions.
- (2) Includes production attributable to any acquired interests from the acquisition date to effective date of [the report] and production realized from disposed interests from the opening balance date to the effective date of disposition.
- (3) Includes economic revisions related to price and royalty factor changes.

**RECONCILIATION OF CHANGES IN
NET PRESENT VALUES OF FUTURE NET REVENUE
DISCOUNTED AT 10% PER YEAR**

PROVED RESERVES

CONSTANT PRICES AND COSTS – TOTAL COMPANY

	(M\$)
Estimated Future Net Revenue After Income Taxes at December 31, 2005	686
Sales and Transfers of Oil and Gas Produced, Net of Production Costs and Royalties	(264)
Net Change in Prices, Production Costs and Royalties Related to Future Production	(123)
Changes in Previously Estimated Development Costs Incurred During the Period	7,206
Changes in Estimated Future Development Costs	(8,288)
Extensions and Improved Recovery	1,992
Discoveries	-
Acquisition of Reserves	2,358
Dispositions of Reserves	-
Net Change Resulting from Revisions in Quantity Estimates	1,716
Accretion of Discount	106
Net Change in Income Tax	(1,180)
Other	120
Estimated Future Net Revenue After Income Taxes at December 31, 2006	4,330

Additional Information Relating to Reserves Data

Undeveloped Reserves

The following table sets forth the volumes of proved undeveloped reserves that were attributed to each of Sahara's product types for the years ended December 31, 2005 and 2006 using both constant and forecast prices and costs.

Mirage plans to drill 13 wells under the proven undeveloped category. This consists of 5 wells in Buzzard, 2 wells in Lloydminster, 2 wells in Hayter, 1 well in Bashaw, 1 well in Lashburn and 1 well in Maidstone. This program will result in a net production increase of 181.2 bpd of heavy oil. (Based on DeGolyer Report). Capital for this reserve category have been included in the DeGolyer Report.

Proved Undeveloped Reserves

Period Ended	Light and Medium Oil Liquids (Mbbls)	Heavy Oil (Mbbls)	Natural Gas (Mmcf)	Natural Gas Liquids (Mbbls)
December 31, 2006	-	188.0	26.0	-
December 31, 2005	-	15.0	-	-

The following table sets forth the volumes of probable undeveloped reserves that were attributed to each of Sahara's product types for the years ended December 31, 2005 and 2006 both constant and forecast prices and costs. Sahara did not have any oil and gas assets prior to 2005.

Probable Undeveloped Reserves

Period Ended	Light and Medium Oil Liquids (Mbbls)	Heavy Oil (Mbbls)	Natural Gas (Mmcf)	Natural Gas Liquids (Mbbls)
December 31, 2006	-	360.7	-	-
December 31, 2005	-	169.8	-	-

Sahara plans to drill 34 wells under the probable undeveloped category. This consists of 5 wells in Buzzard, 11 wells in Lloydminster, 3 wells in Hayter, 9 wells in Maidstone, 1 well in Bashaw, 1 well in Decrene and 3 wells in Lashburn and 1 well in Czar. This program will result in a net production increase of 473 bpd of heavy oil. (Based on DeGolyer Report). Capital for this reserve category have been included in the DeGolyer Report.

Significant Factors or Uncertainties

The evaluated oil and gas properties of Sahara have no material extraordinary risks or uncertainties beyond those which are inherent of an oil and gas producing company.

Future Development Costs

The following table sets forth development costs deducted in the estimation of Sahara's future net revenue attributable to the reserve categories noted below. All of Sahara's reserves and subsequent future net revenues are located in Canada

Year	Constant Prices and Costs		Forecast Prices and Costs	
	Proved Reserves (M\$)	Proved Plus Probable Reserves (M\$)	Proved Reserves (M\$)	Proved Plus Probable Reserves (M\$)
2007	2,150	4,693	2,150	4,693
2008	545	1,725	567	1,794
2009	-	47	-	50
2010	-	17	-	18
2011	-	90	-	100
Remaining	230	521	283	631
Total	2,926	7,093	3,000	7,288
Undiscounted	2,926	7,093	3,000	7,288
Discounted at 10%/yr	2,613.66	6,284.56	2,651.45	6,397.93

Note:

- (1) Future development costs will be funded out of cash flow and existing working capital.

Sahara will require up to \$1.876 MM to fund its 2007 drilling program for 13 wells. Sahara will drill 5 Sparky oil wells at Buzzard (average working interest of 27%), 2 Lloyd/Sparky oil wells at Lloydminster (average working interest of 50%), 2 McLaren oil wells at Hayter (average working interest 50%), 2 Maidstone wells (Average Working interest 33.3%), 1 bashaw well at 12% working interest and 1 Lashburn well at 33.3% working interest. Sahara will fund this program through the use of it's banking credit facility and private equity placements.

Other Oil and Gas Information

Oil and Gas Properties

The following is a description of Sahara's principal oil and natural gas properties on production or under development as at December 31, 2006. All of these properties are located in the provinces of Alberta and Saskatchewan in the country of Canada.

PRODUCING LANDS

ALBERTA

Armada

Gross Land: 192.0 hectares
Net Land: 42.96 hectares

Working Interest: 22.375%
Land Description: Twp 16 Rge 19 W4M N&SE15
PNG to base Medicine Hat

Well: Husky Armada 8-15-16-19W4M
Working Interest: 22.375%
Zone: MedHat/MilkRiver
Status: Standing

Well: Husky Armada 16-15-16-19W4M
Working Interest: 22.375%
Zone: MedHat/MilkRiver
Status: Standing

Well: Husky Armada 14-15-16-19W4M
Working Interest: 22.375%
Zone: MedHat/MilkRiver
Status: Standing

Bashaw:

Gross Land: 256 hectares
Net land: 61 hectares

Well: 102/10-31-042-23 W4
Working Interest: 23.82813%
Rig Released: 2005-12-20
Depth: 1560 m Vertical
Producing Zone: Ellerslie channel sand, 11m gross pay, 5 m net pay.
Gas over water
Perforated 1522-1526.5 m on 2006-05
Status: Shut-in

Czar

Gross Land: 128 hectares
Net Land: 25.6 hectares

Well: 100/01-22-039-04W4/00
Working Interest: 20%
Zone: Cummings Sand

Status: Producing Oil

Well: 100/05-222-039-04W4/00
Working Interest: 20%
Zone: Lloydminster Sand
Status: Producing Oil

Gold Creek

Gross Land: 256
Net Lands: 62.08

Well: 100/04-26-068-06W6/00
Working Interest: 20%
Zone: Halfway/Nik
Status: Standing Gas

Isley:

Gross Land 64 hectares
Net Land: 14.4 hectares

Well: 100/10-14-051-05W4/00
Working Interest: 22.5%
Zone: Sparky
Status: Producing Oil

Little Bow:

Gross Land: 768 hectares
Net Land; 499.20 hectares

Well: 100/12-30-015-20W4/00
Working Interest: 25%
Zone: MilkRiver/Med Hat
Status: Shut In Gas

Well: 100/04-31-015-20W4/00
Working Interest: 25%
Zone: MilkRiver/Med Hat
Status: Shut In Gas

Well: 102/16-35-015-20W4/02 & 03
Working Interest: 45%
Zone: Glauconitic
Status: Shut In Gas

Lloydminster:

Gross Land: 112 hectares
Net Land: 72 hectares

Well: 100/12-04-049-01W4/00
Working Interest: 50%
Zone: Lloydminster/Sparky
Status: Producing Oil

Well: 102/11-14-049-01W4/00
Working Interest: 50%
Zone: Lloydminster/Sparky
Status: Producing Oil

Well: 100/05-20-049-01W4/00
Working Interest: 75%
Zone: Lloydminster/Sparky
Status: Producing Oil

Well: 102/12-20-049-01W4/00
Working Interest: 75%
Zone: Lloydminster/Sparky
Status: Producing Oil

Well: 102/12-22-049-01W4/00
Working Interest: 100%
Zone: Lloydminster/Sparky
Status: Producing Oil

Well: 100/16-22-049-01W4/00
Working Interest: 50%
Zone: Lloydminster/Sparky
Status: Producing Oil

Well: 100/16-14-050-01W4/00
Working Interest: 50%
Zone: Lloydminster/Sparky
Status: Producing Oil

Malmo:
Gross Land: 48.385
Net Land: 4.019

Well: 100/08-35-043-22W4/00
Working Interest: 9.45%
Zone: Belly River
Status: Shut In Gas

Pembina:
Gross Land: 64 hectares
Net Land: 48 hectares

Well: 102/16-28-047-03W5/00
Working Interest: 75%
Zone: Cardium
Status: Oil

Simonette:
Gross Land: 256
Net Land: 19.2

Well: 102/08-25-062-25W5/00
Working Interest: 15%
Zone: Cadotte
Status: Shut In Gas

Tangent:
Gross Land: 256 hectares
Net Land: 76.8 hectares

Well: 102/16-33-080-24W5/00
Working Interest: 30%

Zone: Montney/Bluesky
Status: Producing Oil

Willisden Green:

Gross Land: 128 hectares
Net Land: 22.4 hectares

Working Interest: 17.5%
Well: 100/10-06-042-06W5/00
Zone: Ellerslie
Status: Shut In Gas

SASKATCHEWAN (Producing Properties)

Buzzard:

Gross land: 242.664 hectares
Net land: 76.561 hectares

Well: 111/01-04-047-26W3/00
Working Interest: 30%
Zone: Sparky
Status: Oil

Well: 111/08-07-047-26W3/00
Working Interest: 30%
Zone: Sparky
Status: Producing Oil

Well: 111/09-07-047-26W3/00
Working Interest: 30%
Zone: Sparky
Status: Producing Oil

Well: 111/015-07-047-26W3/00
Working Interest: 30%
Zone: Sparky
Status: Producing Oil

Well: 111/16-07-047-26W3/00
Working Interest: 30%
Zone: Sparky
Status: Oil

Well: 101/10-08-047-26W3/00
Working Interest: 30%
Zone: Sparky
Status: Producing Oil

Well: 111/12-08-047-26W3/00
Working Interest: 30%
Zone: Sparky
Status: Producing Oil

Well: 111/14-08-047-26W3/00
Working Interest: 30%
Zone: Sparky
Status: Producing Oil

Well: 111/15-08-047-26W3/00
Working Interest: 30%
Zone: Sparky
Status: Producing Oil

Well: 121/06-10-047-26W3/00
Working Interest: 30%
Zone: Sparky
Status: Producing Oil

Well: 121/01-16-47-26W3
Working Interest: 33.32%
Zone: Sparky
Status: Producing Oil

Well: 111/08-16-47-26 W3
Working Interest: 33.32%
Zone: Lloydminster
Status: Producing Oil

Well: 111/10-16-47-26 W3
Working Interest: 33.32%
Zone: Sparky
Status: Producing Oil

Well: 111/03-03-048-26W3
Working Interest: 33.32%
Zone: Colony
Status: Shut-in Gas

Well: 111/04-03-048-26W3/00
Working Interest: 33.32%
Zone: Sparky
Status: Producing Oil

Well: 111/06-03-048-26W3/00
Working Interest: 33.32%
Zone: Sparky
Status: Producing Oil

Dee Valley:
Gross Land: 32.56
Net Land 9.768

Working Interest: 30%
Well: 112/11-14-048-22W3/00
Zone: Sparky
Status: Producing Oil

Working Interest: 30%
Well: 101/12-14-048-22W3/00
Zone: Sparky
Status: Producing Oil

Hillmond:
Gross Land: 16.2
Net Land 4.86

Working Interest: 30%
Well: 111/01-16-051-26W3/00
Zone: Sparky
Status: Producing Oil

Kirkwall:

Gross Land: 256
Net Land: 64

Working Interest: 25%
Land Description: Twp 26 Rge 4 W4M Sec 28

Lashburn:

Gross Land: 161.876
Net Land: 53.937

Working Interest: 33.32%
Well: 111/05-21-047-25W3/00
Zone:
Status: Producing Oil

Well: 101/06-21-047-25W3/00
Zone:
Status: Producing Oil

Well: 111/10-02-048-25W3/00
Zone:
Status: Shut-in Gas

Well: 111/01-04-049-26W3/00
Zone:
Status: Producing Oil

Maidstone:

Gross Land: 291.376 hectares
Net Land: 97.087 hectares

Working Interest: 33.32%
Well: 121/09-12-047-24W3/00
Zone:
Status: Producing Oil

Well: 111/05-29-047-24W3/00
Zone:
Status: Oil

Well: 111/65-29-047-24W3/00
Zone:
Status: Oil

Soda Lake:

Gross Land: 259 hectares
Net Land: 129.5 hectares

Working Interest: 30%
Well: 121/05-22-047-24W3/00
Zone: Lloyd/Sparky/McLaren
Status: Oil & Gas

UNDEVELOPED LANDS:

Decrene:

Gross Land: 256 hectares
Net Land: 38.4 hectares

Working Interest: 15%
Land Description: Twp 71 Rge 2 W5M Sec 2
NG in Colony
Well: 100/16-02-071-02W5/03 (D&A)

Holburn:

Gross Land: 256 hectares
Net Land: 51.20 hectares

Working Interest: 20%
Land Description: Twp 50 Rge 28 W4M Sec 12
PNG to base Belly River

Hayter

Gross Land: 64 hectares
Net Land: 32 hectares

Working Interest: 50%
Land Description: Twp 38 Rge 1 W4M Lsds 2, 4, 5 Sec 16
All PNG

Twp 38 Rge 1 W4M Lsd 12 Sec 28
PNG to base Mannville

Isley:

Gross Land: 192 hectares
Net Land: 43.2 hectares

Working Interest: 22.5%
Land Description: Twp 51 Rge 5 W4M S&NW14
All PNG

Joffre:

Gross Land: 128 hectares
Net Land: 25.6 hectares

Working Interest: 20%
Land Description: Twp 38 Rge 27 W4M E2
PNG to base Edmonton

Little Bow:

Gross Land: 512 hectares
Net Land: 172.8 hectares

Working Interest: 45%
Land Description: Twp 16 Rge 20 W4M Sec 2
PNG to base Mississippian

Working Interest: 22.575%
Land Description: Twp 16 Rge 18 W4M Sec 3

All PNG

Lloydminster:

Gross Land: 336 hectares

Net Land: 210 hectares

Working Interest: 75%
Twp 49 Rge 1 W4M Lsds 12, 13 Sec 14
All PNG
Twp 49 Rge 1 W4M Lsd 15 Sec 22
All PNG
Twp 50 Rge 1 W4M SE14
PNG to base Mannville
Twp 50 Rge 1 W4M Lsds 3, 4, 5 Sec 14
PNG to base Mannville

Working Interest: 37.5%
Twp 49 Rge 1 W4M Lsds 11, 13, 14 Sec 22
PNG to base Mannville

Working Interest: 100%
Twp 50 Rge 1 W4M Lsd 2 Sec 6
PNG to base Mannville

Working Interest: 50%
Twp 50 Rge 2 W4M Lsd 4 Sec 2
All PNG
Twp 50 Rge 2 W4M Lsds 7, 9, 10 Sec 2
All PNG

Malmo:

Gross Land: 64 hectares

Net Land: 3.2 hectares

Working Interest: 5%
Land Description: Twp 43 Rge 22 W4M W35
All PNG

Well: 100/13-35-043-22W4/00
D&A

N. Morinville:

Gross Land: 64 hectares

Net Land: 64 hectares

Working Interest: 100%
Land Description: Twp 54 Rge 25 W4M SW18
All PNG

Paddle River:

Gross Land: 256 hectares

Net Land: 64 hectares

Working Interest: 25%
Land Description: Twp 56 Rge 7 W5M Sec 28
PNG to base Cardium

Pembina:

Gross Land: 320 hectares

Net Land: 137.6 hectares

Working Interest: 45%

Land Description: Twp 47 Rge 3 W5M N22
PNG from base Belly River to base Viking
Twp 47 Rge 3 W5M SE28
PNG from base Belly River to base Cardium

Working Interest: 40%

Land Description: Twp 47 Rge 3 W5M W28
PNG from base Belly River to base Cardium

Provost:

Gross Land: 1088 hectares

Net Land: 352 hectares

Working Interest: 30%

Land Description: Twp 39 Rge 4 W4M: Sec 29, 30
PNG to base Winterburn
Twp 39 Rge 5 W4M NE36
PNG to base Winterburn
Twp 40 Rge 4 W4M Sec 6
PNG to base Winterburn

Wells: 100/15-36-039-05W4/00 (D&A)
100/03-06-040-4W4/00 (D&A)

Working Interest: 40%

Land Description: Twp 40 Rge 5 W4M Sec 1
All PNG

Sinclair:

Gross Land: 512 hectares

Net Land: 102.4 hectares

Working Interest: 20%

Land Description: Twp 73 Rge 12 W6M Secs 20, 21
PNG below base Dunvegan

Spruce Grove:

Gross Land: 256 hectares

Net Land: 51.2 hectares

Working Interest: 20%

Land Description: Twp 53 Rge 27 W4M Sec 2
All PNG

Sylvan Lake:

Gross Land: 256 hectares

Net Land: 51.2 hectares

Working Interest: 20%

Land Description: Twp 38 Rge 3 W5M Lsds 9, 16 Sec 28
PNG below base Jurassic
Twp 38 Rge 3 W5M Lsds 10, 15 Sec 28, S&NW 28
PNG below base Pekisko

Tangent:

Gross Land: 256 hectares

Net Land: 76.8 hectares

Working Interest: 30%
 Land Description: Twp 81 Rge 24 W5M Sec 9
 PNG to base Bluesky Bullhead

Utikima:

Gross Land: 384 hectares
 Net Land: 69.12

Working Interest: 18%
 Land Description: Twp 81 Rge 9 W5M N&SW20, N23
 Twp 82 Rge 10 W5M SW 13
 PNG to base Banff

Westlock:

Gross Land: 128 hectares
 Net Land: 38.4 hectares

Working Interest: 30%
 Land Description: Twp 59 Rge 25 W4M N7
 All Natural Gas

Zama:

Gross Land: 64 hectares
 Net Land: 21.333 hectares

Working Interest: 33.333%
 Land Description: Twp 116 Rge 4 W6M SE35
 PNG below base Sulphur Point

Oil and Gas Wells

The following table sets forth the number and status of wells in which Sahara has a working interest as at December 31, 2006.

	Oil Wells				Natural Gas Wells			
	Producing		Non-Producing		Producing		Non-Producing	
	Gross	Net	Gross	Net	Gross	Net	Gross	Net
Alberta	12	6.95	0	0	0	0	8	1.94
Saskatchewan	20	6.68	3	0.99	0	0	2	0.33
Total	32	13.63	3	0.99	0	0	10	2.27

Properties with No Attributable Reserves

The following table sets out Sahara's developed and undeveloped land holdings as at December 31, 2006.

	Developed Acres		Undeveloped Acres		Total Acres	
	Gross	Net	Gross	Net	Gross	Net
Alberta	7000.96	2553.95	12438	3833.03	19438.96	6386.98
Saskatchewan	3149.19	1025.28	0	0	3149.19	1025.28
Total	10150.15	3559.53	12438	4166.63	22588.15	7412.26

Sahara intends to drill 13 development wells (4.5 net) and no exploration wells in 2007. Sahara has one expiry drilling commitment drilling at Lloydminster for 2007. Sahara's development drilling program will satisfy this commitment. Sahara has 259.2 net acres of its undeveloped land holdings that will expire by December 31, 2007. The aforementioned work program will satisfy this commitment and anticipate no expiries in 2007.

Forward Contracts

Sahara has no forward contracts.

Additional Information Concerning Abandonment and Reclamation Costs

In respect of abandonment and reclamation costs for surface leases, wells, facilities and pipelines, the Corporation estimates such costs using experience in the area and historical capital to abandon and reclaim the well sites. These have been reflected in the reserve report. The undiscounted abandonment and reclamation cost for each category are listed below. The net present value discounted at 10% for these costs are \$449,820 in the proven category and \$645,150 in the proven plus probable category. Expected future abandonment costs related to facilities are expected to match salvage value recovery. The Corporation does not envision abandoning any wells except the aforementioned in the next three years.

Sahara will be liable for its share of ongoing environmental obligations and for the ultimate reclamation of the properties held by it upon abandonment. These ongoing obligations are expected to be funded out of cash flow and is summarized in the following table:

	<u>Total Abandonment and Reclamation Costs Including Well Abandonment and Disconnect Costs all Net of Salvage ⁽¹⁾ (M\$)</u>
Total Proved Reserves (yr)	
2007	-
2008	22
2009	159
2010	25
2011	105
Remaining	571
Total	882
Proved Plus Probable Reserves (yr)	
2007	-
2008	22
2009	147
2010	19
2011	49
Remaining	1,027
Total	1,265

Note:

(1) Costs shown are greater than those included in the Reserves Report as all disconnect and facility reclamation is included.

Tax Horizon

The Corporation was not required to pay any cash income taxes for the period ended December 31, 2006. Based on current estimates of the Corporation's future taxable income and levels of tax deductible expenditures, management believes that Sahara will not be required to pay cash taxes until 2008 or later.

Capital Expenditures

The following table summarizes capital expenditures (including capitalized general and administrative expenses) related to Sahara's activities for the year ended December 31, 2006.

Property acquisition costs	0
Proved properties	366,085
Unproved properties	981,288
Exploration costs	3,723,761
Development costs	6,581,777
Total	<u>11,652,911</u>

Exploration and Development Activities

The following table sets forth the gross and net exploratory and development wells in which Sahara participated during the year ended December 31, 2006. Sahara did not participate in any exploration wells during 2006.

	Development Wells	
	Gross	Net
Oil	33	12.74
Natural Gas	7	1.7
Service	0	0
Dry	7	2.58
Total:	47	17.02

Sahara intends to drill 13 development wells (4.5 net) and no exploration wells in 2007.

Production Estimates

The following table sets out the volume of Sahara's production estimated for the year ended December 31, 2007 which is reflected in the estimate of future net revenue disclosed in the tables contained under the heading "Disclosure of Reserves Data" above.

Reserves Category	Constant Prices and Costs Net Daily Production ⁽²⁾	Forecast Prices and Costs Net Daily Production ⁽²⁾
Light and Medium Oil (bbls/d)	31	31
Heavy Oil (bbls/d)	253	252
Associated and Non-Associated Gas (Mcf/d)	331	331
Natural Gas Liquids (bbls/d)	3	3
Total ⁽¹⁾ (boe/d)	342	341

Notes:

- (1) Barrels of Oil Equivalent (boe) have been reported based on natural gas conversion of 6 Mcf/1 bbl.
(2) Net production is Corporation interest after all royalty deductions.

Production History, Prices Received And Capital Expenditures

The following tables summarize certain information in respect of production, product prices received, royalties paid, operating expenses and resulting netback for the periods indicated below:

	Quarter Ended			
	2006			
	Dec. 31	Sept. 30	June 30	March 31
Average Daily Production ⁽¹⁾				
Light and Medium Crude Oil (Bbls/d)	0.62	-	-	-
Heavy Oil (Bbls/d)	100.27	59.91	28.18	29.47
Gas (Mcf/d)	0	0	0	0
NGLs (Bbls/d)	0	-	-	-
Combined (Boe/d)	100.89	59.91	28.18	29.47
Average Price Received				
Light and Medium Crude Oil (\$/Bbl)	54.07	-	-	-
Heavy Oil (\$/Bbl)	37.68	47.66	51.83	29.70
Gas (\$/Mcf)	0	0	0	0
NGLs (\$/Bbl)	0	0	0	0
Combined (\$/Boe)	41.17	47.66	51.83	29.70

	Quarter Ended			
	2006			
	Dec. 31	Sept. 30	June 30	March 31
Royalties Paid				
Light and Medium Crude Oil (\$/Bbl)	6.88	-	-	-
Heavy Oil (\$/Bbl)	4.46	8.53	8.29	12.94
Gas (\$/Mcf)	-	-	-	-
NGLs (\$/Bbl)	-	-	-	-
Combined (\$/Boe)	11.34	8.53	8.29	12.94
Production Costs⁽²⁾⁽³⁾				
Light and Medium Crude Oil (\$/Bbl)	-1.06	-	-	-
Heavy Oil (\$/Bbl)	11.03	7.60	7.60	7.68
Gas (\$/Mcf)	-	-	-	-
NGLs (\$/Bbl)	-	-	-	-
Combined (\$/Boe)	9.97	7.60	7.60	7.68
Netback Received⁽⁴⁾				
Light and Medium Crude Oil (\$/Bbl)	-	-	-	-
Heavy Oil (\$/Bbl)	-	-	-	-
Gas (\$/Mcf)	-	-	-	-
NGLs (\$/Bbl)	-	-	-	-
Combined (\$/Boe)	-	-	-	-

Notes:

- (1) Before deduction of royalties.
- (2) Operating expenses are composed of direct costs incurred to operate both oil and gas wells. A number of assumptions have been made in allocating these costs between oil, natural gas and natural gas liquids production.
- (3) Operating recoveries associated with operated properties are included in operating costs.
- (4) Netbacks are calculated by subtracting royalties and operating costs from revenues.

The following table indicates Sahara's average daily production from all its properties for the year ended December 31, 2006.

	Light and Medium Crude Oil (Bbls/d)	Heavy Oil (Bbls/d)	Gas (Mcf/d)	NGLs (Bbls/d)	BOE (Boe/d)
Alberta					
Tangent	0.41	-	-	-	0.41
Provost	-	1.10	-	-	1.10
Lloydminster	-	9.44	-	-	9.44
Pembina	0.21	-	-	-	0.21
Saskatchewan					
Buzzard	-	22.95	-	-	22.95
Lashburn	-	7.15	-	-	7.15
Maidstone	-	10.87	-	-	10.87
Hillmond	-	1.29	-	-	1.29
Rush Lake	-	0.58	-	-	0.58
Morgan	-	0.15	-	-	0.15
Total	0.62	53.53	-	-	54.15

APPENDIX "A"

REPORT OF MANAGEMENT AND DIRECTORS ON RESERVES DATA AND OTHER INFORMATION

Management of Sahara, is responsible for the preparation and disclosure of information with respect to the oil and gas activities of Sahara in accordance with securities regulatory requirements. This information includes reserves data, which consists of the following:

- (a) (i) proved and proved plus probable oil and gas reserves estimated as at December 31, 2006 using forecast prices and costs; and
- (ii) the related estimated future net revenue; and
- (b) (i) proved oil and gas reserves estimated as at December 31, 2006 using constant prices and costs; and
- (ii) the related estimated future net revenue.

An independent qualified reserves evaluator has evaluated Sahara's reserves data. The report of the independent qualified reserves evaluator is presented below.

The Reserve Committee of the board of directors of Sahara, has:

- (a) reviewed Sahara's procedures for providing information to the independent qualified reserves evaluator;
- (b) met with the independent qualified reserves evaluator to determine whether any restrictions affected the ability of the independent qualified reserves evaluator to report without reservation; and
- (c) reviewed the reserves data with management and the independent qualified reserves evaluator.

The Reserve Committee of the board of directors of Sahara, has reviewed Sahara's procedures for assembling and reporting other information associated with oil and gas activities and has reviewed that information with management. The board of directors has, on the recommendation of the Reserve Committee, approved:

- (a) the content and filing with securities regulatory authorities of the reserves data and other oil and gas information;
- (b) the filing of the reports of the independent qualified reserves evaluators on the reserves data; and
- (c) the content and filing of this report.

Because the reserves data are based on judgments regarding future events, actual results will vary and the variations may be material.

(signed) "*Peter Boswell*"
Peter Boswell
President and Chief Executive Officer

(signed) "*Quenton Enns*"
Quenton Enns
Vice President, Exploration

(signed) "*Peter Boswell*"
Peter Boswell
Director

(signed) "*Rene LaPrade*"
Rene LaPrade
Director

May 4, 2007

APPENDIX "B"

REPORT ON RESERVES DATA BY INDEPENDENT QUALIFIED RESERVES EVALUATOR AND AUDITOR FORM 51-101F2

Terms to which a meaning is ascribed in National Instrument 51-101 have the same meaning herein.

To the Board of Directors of Sahara Energy Ltd. (the "Corporation")

1. We have evaluated the Corporation's reserves data as at December 31, 2006. The reserves data consist of the following:
 - (a) provide and proved plus probable oil and gas reserves estimated as at December 31, 2006 using forecast prices and costs and the related estimated future net revenue; and
 - (b) proved and proved plus probable oil and gas reserves estimated as at December 31, 2006 using constant prices and costs and the related estimated future net revenue.
2. The reserves data are the responsibility of the Corporation's management. Our responsibility is to express an opinion on the reserves data based on our evaluation.
3. We carried out our evaluation in accordance with standards set out in the Canadian Oil and Gas Evaluation Handbook (the "COGE Handbook") prepared jointly by the Society of Petroleum Evaluation Engineers (Calgary Chapter) and the Canadian Institute of Mining, Metallurgy & Petroleum (Petroleum Society).
4. Those standards require that we plan and perform an evaluation to obtain reasonable assurance as to whether the reserves data are free of material misstatement. An evaluation also includes assessing whether the reserves data are in accordance with principles and definitions presented in the COGE Handbook.
5. The following table sets forth the estimated future net revenue (before the deduction of income taxes), attributed to proved plus probable reserves, estimated using forecast prices and costs and calculated using a discount rate of 10 percent, included in the reserves data of the Corporation evaluated by us for the year ended December 31, 2005, and identifies the respective portions thereof that we have evaluated and audited and reported on to the Corporation's board of directors.

Independent Qualified Reserves Evaluator or Auditor	Description and Preparation Date of Evaluation/ Audit Report	Location of Reserves (County or Foreign Geographic Area)	Net Present Value of Future Net Revenue (before income taxes, 10% discount rate)			
			Audited	Evaluated	Reviewed	Total
DeGolyer and MacNaughton Canda Limited	Appraisal Report as of December 31, 2006 on Certain Properties owned by Sahara Energy Ltd. dated April 2, 2007	Canada	M\$ -	M\$ 11,925	M\$ -	M\$ 11,925

6. In our opinion, the reserves data respectively evaluated and audited by us have, in all material respects, been determined and are in accordance with the COGE Handbook. We express no opinion on the reserves data that we reviewed but did not audit or evaluate.
7. We have no responsibility to update our reports referred to in paragraph 5 for events and circumstances occurring after their respective preparation dates.

8. Because the reserves data are based on judgments regarding future events, actual results will vary and the variations may be material.

Executed as to our report referred to above:

DEGOLYER and MACNAUGHTON

CANADA LIMITED

"Colin P. Outtrim"

Colin P. Outtrim, P.Eng.

PERMIT TO PRACTICE

DeGolyer and MacNaughton

Canada Limited

Signature "*Colin P. Outtrim*"

Date: April 2, 2007

PERMIT NUMBER: P 5568

The Association of Professional Engineers,
Geologists and Geophysicists of Alberta