

NOTICE OF SPECIAL MEETING

to be held March 28, 2008

and

NOTICE OF PETITION TO

THE COURT OF QUEEN'S BENCH OF ALBERTA

and

INFORMATION CIRCULAR AND PROXY STATEMENT

with respect to a

PLAN OF ARRANGEMENT

involving

MIRAGE ENERGY LTD.

and

THE SHAREHOLDERS OF MIRAGE ENERGY LTD.

and

SAHARA ENERGY LTD.

February 28, 2008

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Form of Proxy Relating to the Meeting
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LETTER TO SHAREHOLDERS

February 28, 2008

TO: The Shareholders of Mirage Energy Ltd.

You are invited to attend a special meeting (the "**Meeting**") of the holders (the "**Shareholders**") of Common Shares (the "**Mirage Shares**") of Mirage Energy Ltd. ("**Mirage**") to be held at 1400, 350 – 7th Avenue S.W., Calgary, Alberta, on March 28, 2008 at 9:00 a.m. (Calgary time) for the purposes set forth in the accompanying Notice of Special Meeting of the Shareholders.

At the Meeting, the Shareholders will be asked to consider and vote upon an arrangement (the "**Arrangement**") under the provisions of the *Business Corporations Act* (Alberta) involving Mirage, the Shareholders and Sahara Energy Ltd. ("**Sahara**"). Pursuant to the Arrangement, each issued and outstanding Mirage Share, other than those held by the Shareholders who have validly exercised their rights of dissent, shall be transferred to Sahara in exchange for 0.5 of a common share of Sahara (a "**Sahara Share**").

For the Arrangement to proceed, it must be approved by at least 66 $\frac{2}{3}$ % of the votes cast by the Shareholders present, in person or by proxy, at the Meeting. Shareholders shall be entitled to one vote per Mirage Share on a ballot at the Meeting in respect of a resolution to approve the Arrangement subject to certain conditions.

If the requisite shareholder and regulatory approvals are obtained, an order of the Court of Queen's Bench of Alberta approving the Arrangement will be sought following the Meeting.

The Board of Directors of Mirage has retained Salman Partners as financial advisor to Mirage and Salman Partners has delivered to the Board of Directors of Mirage its opinion that the consideration to be received by the Shareholders pursuant to the Arrangement is fair, from a financial point of view, to the Shareholders (the "**Fairness Opinion**"). **As all of the members of the Board of Directors of Mirage are also members of the Board of Directors of Sahara, such directors cannot approve the Arrangement and the Arrangement Agreement pursuant to the provisions of the ABCA; therefore, the Arrangement and the Arrangement Agreement must be ratified and approved by the Shareholders to be binding and enforceable against Mirage. However, the Board of Directors has carefully reviewed the Fairness Opinion, as well as other relevant matters, and has concluded that the Arrangement is fair, from a financial point of view, to the Shareholders and that it is in the best interests of Mirage and the Shareholders and that it should be placed before the Shareholders for their approval at the Meeting. The Board of Directors of Mirage recommends that the Shareholders vote in favour of the Arrangement.**

The accompanying Information Circular and Proxy Statement provides a detailed description of the Arrangement, Mirage, Sahara and the other matters to come before the Meeting. Please give this material your careful consideration. If you require assistance, you should consult your financial, income tax or other professional advisor.

To be represented at the Meeting, you must either attend the Meeting in person or complete and sign the enclosed form of proxy and forward it so as to reach or be deposited with Olympia Trust Company at 2300, 125 – 9th Avenue S.E., Calgary, Alberta T2G 0P6, no later than 48 hours (excluding Saturdays, Sundays and statutory holidays in the Province of Alberta) prior to the Meeting or any adjournment thereof. An envelope addressed to Olympia Trust Company is enclosed for your convenience.

If you are a non-registered Shareholder and have received these materials from your broker or another intermediary, please complete and return the proxy or other authorization form provided to you by your broker or other intermediary in accordance with the instructions provided with it. Failure to do so may result in your Mirage Shares not being eligible to be voted at the Meeting.

We look forward to seeing you at the Meeting.

Yours very truly,

(signed) "*Rene LaPrade*"

Rene LaPrade
President and Chief Executive Officer
Mirage Energy Ltd.

**MIRAGE ENERGY LTD.
NOTICE OF SPECIAL MEETING**

NOTICE IS HEREBY GIVEN that, pursuant to an order of the Court of Queen's Bench of Alberta dated February 28, 2008 (the "**Interim Order**"), a special meeting (the "**Meeting**") of holders ("**Shareholders**") of Common Shares ("**Mirage Shares**") of Mirage Energy Ltd. ("**Mirage**") will be held at 1400, 350 – 7th Avenue S.W., Calgary, Alberta, on March 28, 2008 at 9:00 a.m. (Calgary time) for the following purposes:

1. to consider and, if thought advisable, to pass, with or without variation, a special resolution (the "**Arrangement Resolution**"), the full text of which is set forth in **Appendix "C"** to the accompanying information circular and proxy statement dated February 28, 2008 (the "**Information Circular**"), to approve a plan of arrangement (the "**Arrangement**") involving Mirage, the Shareholders and Sahara Energy Ltd. pursuant to section 193 of the *Business Corporations Act* (Alberta) (the "**ABCA**"), all as more particularly described in the Information Circular; and
2. to transact such further and other business as may properly be brought before the Meeting or any adjournment thereof.

Specific details of the matters proposed to be put before the Meeting are set forth in the Information Circular, which accompanies this Notice.

The record date for the Meeting has been fixed at the close of business on February 26, 2008 (the "**Record Date**"). Only Shareholders of record as at the Record Date are entitled to receive notice of the Meeting. Shareholders of record will be entitled to vote their Mirage Shares included in the list of Shareholders entitled to vote at the Meeting prepared as at the Record Date, unless any Shareholder transfers Mirage Shares after the Record Date and the transferee of such Mirage Shares, having produced properly endorsed certificates evidencing such Mirage Shares or having otherwise established ownership of such Mirage Shares, demands, at least 10 days before the Meeting, that the transferee's name be included in the list of Shareholders entitled to vote at the Meeting, in which case such transferee shall be entitled to vote such Mirage Shares at the Meeting.

If you are a registered Shareholder and are unable to attend the Meeting or any adjournment thereof in person, please complete, sign and mail the enclosed form of proxy to, or deposit it with, Olympia Trust Company, 2300, 125 – 9th Avenue S.E., Calgary, Alberta T2G 0P6, so that it is received no later than 48 hours (excluding Saturdays, Sundays and statutory holidays in the Province of Alberta) prior to the Meeting or any adjournment thereof.

If you are a non-registered Shareholder and receive these materials through your broker or through another intermediary, please complete and return the form of proxy provided to you by your broker or other intermediary in accordance with the instructions provided therein.

Pursuant to the Interim Order, each registered Shareholder has been granted the right to dissent in respect of the Arrangement Resolution and, if the Arrangement becomes effective, to be paid the fair value of such holder's Mirage Shares in accordance with the provisions of section 191 of the ABCA, as modified and supplemented by the Interim Order. To exercise such right: (a) a written objection to the Arrangement Resolution must be received by Mirage c/o Burnet, Duckworth & Palmer LLP, 1400, 350 – 7th Avenue S.W., Calgary, Alberta T2P 3N9, Attention: Shannon Wray, not later than 4:00 p.m. (Calgary time) on the business day prior to the Meeting; (b) the Shareholder shall not have voted in favour of the Arrangement Resolution; and (c) the Shareholder must have otherwise complied with the provisions of section 191 of the ABCA, as modified and supplemented by the Interim Order. The right to dissent is described in the Information Circular and the texts of the Interim Order and section 191 of the ABCA are set forth in Appendices "B" and "E", respectively, to the Information Circular.

Failure to strictly comply with the requirements set forth in section 191 of the ABCA, as modified and supplemented by the Interim Order, may result in the loss of any right of dissent. Persons who are beneficial owners of Mirage Shares registered in the name of a broker, custodian, nominee or other intermediary who wish to dissent should be aware that only registered Shareholders are entitled to dissent. Accordingly, a beneficial owner of Mirage Shares desiring to exercise this right must make arrangements for the Mirage Shares beneficially owned by such person to be registered in his, her or its name prior to the time the written objection to the Arrangement Resolution is required to be received by Mirage or, alternatively, make arrangements for the registered Shareholder to dissent on his, her or its behalf.

**BY ORDER OF THE BOARD OF DIRECTORS
OF MIRAGE ENERGY LTD.**

Calgary, Alberta
February 28, 2008

(signed) "*Rene LaPrade*"
Rene LaPrade
President and Chief Executive Officer
Mirage Energy Ltd.

IN THE COURT OF QUEEN'S BENCH OF ALBERTA

JUDICIAL DISTRICT OF CALGARY

IN THE MATTER OF SECTION 193 OF THE *BUSINESS CORPORATIONS ACT*, R.S.A. 2000,
C. B-9, AS AMENDED;

AND IN THE MATTER OF A PROPOSED ARRANGEMENT INVOLVING MIRAGE
ENERGY LTD., AND SAHARA ENERGY LTD. AND MIRAGE SHAREHOLDERS

NOTICE OF PETITION

NOTICE IS HEREBY GIVEN that a Petition has been filed by Mirage Energy Ltd. ("**Mirage**" or the "**Applicant**") for an order approving a proposed arrangement (the "**Arrangement**") pursuant to section 193 of the *Business Corporations Act*, R.S.A. 2000, c. B-9, as amended (the "**ABCA**"), which Arrangement is described in greater detail in the information circular and proxy statement dated February 28, 2008 accompanying this Notice of Petition. At the hearing on the Petition, the Applicant intends to seek:

- (a) a declaration that the terms and conditions of the Arrangement, and the procedures relating thereto, are fair to the persons affected;
- (b) a declaration that the Arrangement will, upon the filing of the Articles of Arrangement pursuant to the provisions of section 193 of the ABCA, become effective in accordance with its terms;
- (c) an order approving the Arrangement pursuant to the provisions of section 193 of the ABCA; and
- (d) such other and further orders, declarations and directions as the Court (as defined herein) may deem just.

AND NOTICE IS FURTHER GIVEN that the said Petition is directed to be heard at the Court House, 601 – 5th Street S.W., Calgary, Alberta, on March 28, 2008 at 1:00 p.m. (Calgary time), or so soon thereafter as counsel may be heard. Any holder of Common Shares (a "**Shareholder**") of Mirage or any other interested party desiring to support or oppose the Petition may appear at the time of the hearing in person or by counsel for that purpose. **Any Shareholder or any other interested party desiring to appear at the hearing is required to file with the Court of Queen's Bench of Alberta, Judicial District of Calgary (the "Court"), and serve upon the Applicant, on or before 12:00 noon (Calgary time) on March 21, 2008, a notice of its intention to appear, including an address for service in Calgary, Alberta (or alternatively, a facsimile number for service by facsimile) and indicating whether such Shareholder or interested party intends to support or oppose the Petition or make submissions, together with any evidence or materials which are to be presented to the Court.** Service on the Applicant is to be effected by delivery to the solicitors for the Applicant at Burnet, Duckworth & Palmer LLP, 1400, 350 – 7th Avenue S.W., Calgary, Alberta T2P 3N9, facsimile: (403) 260 0332, Attention: Shannon Wray.

AND NOTICE IS FURTHER GIVEN that, at the hearing, the Shareholders and other interested parties will be entitled to make representations as to, and the Court will be requested to consider, the fairness and reasonableness of the Arrangement. If you do not attend, either in person or by counsel, at that time, the Court may approve the Arrangement as presented, or may approve the Arrangement subject to such terms and conditions as the Court shall deem fit, without any further notice.

AND NOTICE IS FURTHER GIVEN that no further notice of the Petition will be given by Mirage and that, in the event the hearing of the Petition is adjourned, only those persons who have appeared before the Court at the hearing shall be served notice of the adjourned date.

AND NOTICE IS FURTHER GIVEN that the Court, by an interim order dated February 28, 2008, has given directions as to the calling of a special meeting of the Shareholders to have such holders vote upon a resolution to

approve the Arrangement and, in particular, has directed that such Shareholders shall have the right to dissent under the provisions of section 191 of the ABCA upon compliance with the terms of the interim order.

AND NOTICE IS FURTHER GIVEN that a copy of the said Petition and other documents in the proceedings will be furnished to any Shareholder or other interested party requesting the same from the solicitors for the Applicant at the address given above.

AND NOTICE IS FURTHER GIVEN that the Court has been advised by the solicitors for the Applicant that its order approving the Arrangement, if granted, will constitute the basis for an exemption from the registration requirements of the United States *Securities Act of 1933*, as amended, with respect to the securities to be issued pursuant to the Arrangement.

DATED at Calgary, Alberta, this 28th day of February, 2008.

**BY ORDER OF THE BOARD OF DIRECTORS OF
MIRAGE ENERGY LTD.**

(signed) "*Rene LaPrade*"

Rene LaPrade
President and Chief Executive Officer
Mirage Energy Ltd.

INFORMATION CIRCULAR AND PROXY STATEMENT

INTRODUCTION

This information circular and proxy statement ("Information Circular") is furnished in connection with the solicitation of proxies by the management of Mirage Energy Ltd. ("Mirage") for use at the special meeting of holders of Common Shares of Mirage (the "Shareholders") to be held on March 28, 2008 and any adjournment thereof (the "Meeting"). No person has been authorized to give any information or make any representations in connection with the proposed arrangement under section 193 of the *Business Corporations Act (Alberta)* (the "Arrangement") or other matters to be considered at the Meeting other than those contained in this Information Circular and if given or made, any such information or representation must not be relied upon as having been authorized.

The information concerning Sahara Energy Ltd. ("Sahara") contained in this Information Circular has been provided by Sahara. Although Mirage has no knowledge that would indicate that any of such information is untrue or incomplete, Mirage does not assume any responsibility for the accuracy or completeness of such information or the failure by Sahara to disclose events which may have occurred or may affect the completeness or accuracy of such information but which are unknown to Mirage.

All summaries of, and references to, the Arrangement in this Information Circular are qualified in their entirety by reference to the complete text of the plan of arrangement, a copy of which is attached as Exhibit 1 to **Appendix "A"** to this Information Circular (the "**Plan of Arrangement**"). You are urged to carefully read the full text of the Plan of Arrangement.

All capitalized terms used in this Information Circular but not otherwise defined herein have the meanings set forth herein under "Glossary of Terms". In this Information Circular and the documents incorporated herein by reference, unless otherwise specified, all dollar amounts are expressed in Canadian dollars.

Information contained in this Information Circular is given as of February 28, 2008, unless otherwise specifically stated.

Details of the Arrangement are set forth below under the heading "The Arrangement".

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION

Certain statements contained in this Information Circular, and in certain documents incorporated by reference into this Information Circular, constitute forward-looking statements. These statements relate to future events or Mirage's or Sahara's future performance. All statements other than statements of historical fact are forward-looking statements. The use of any of the words "anticipate", "plan", "continue", "estimate", "expect", "may", "will", "project", "should", "believe", "predict" and "potential" and similar expressions are intended to identify forward-looking statements. These statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. No assurance can be given that these expectations will prove to be correct and such forward-looking statements included in, or incorporated by reference into, this Information Circular should not be unduly relied upon. These statements speak only as of the date of this Information Circular or as of the date specified in the documents incorporated by reference into this Information Circular, as the case may be.

In particular, this Information Circular, and the documents incorporated by reference herein, contain forward-looking statements pertaining to the following:

- benefits of the Arrangement;
- oil and natural gas production levels and the sources of their growth;
- capital expenditure programs;
- the estimated quantity of oil and natural gas reserves and recovery rates;
- projections of commodity prices and costs;

- supply and demand for oil and natural gas;
- planned construction and expansion of facilities;
- drilling plans;
- reserve life;
- plans for and results of exploration and development activities;
- plans for stock exchange listings;
- plans for equity financings;
- expectations regarding the ability to raise capital and to continually add to reserves through acquisitions, exploration and development; and
- treatment under governmental regulatory regimes and tax laws.

The actual results could differ materially from those anticipated in these forward-looking statements as a result of the risk factors set forth below and included or incorporated by reference elsewhere in this Information Circular, including:

- general economic, market and business conditions;
- volatility in market prices for oil and natural gas;
- risks inherent in oil and natural gas operations;
- uncertainties associated with estimating oil and natural gas reserves;
- competition for, among other things, capital, acquisitions of reserves, undeveloped lands and skilled personnel;
- incorrect assessments of the value of acquisitions;
- geological, technical, drilling and processing problems;
- actions by governmental authorities, including increases in taxes;
- the availability of capital on acceptable terms;
- fluctuations in foreign exchange or interest rates and stock market volatility; and
- the other factors discussed under "Risk Factors" in this Information Circular.

The reader is further cautioned that the preparation of financial statements, including *pro forma* financial statements, in accordance with GAAP requires management to make certain judgments and estimates that affect the reported amounts of assets, liabilities, revenues and expenses. These estimates may change, having either a negative or positive effect on net earnings as further information becomes available, and as the economic environment changes.

Statements relating to reserves or resources are deemed to be forward-looking statements as they involve the implied assessment, based on certain estimates and assumptions, that the resources and reserves described can be profitably produced in the future. Readers are cautioned that the foregoing list of factors should not be construed as exhaustive. The forward-looking statements included in this Information Circular and in certain documents incorporated by reference herein are expressly qualified by this cautionary statement and are made as of the date of this Information Circular. Neither Mirage nor Sahara undertakes any obligation to publicly update or revise any forward-looking statements except as required by applicable securities laws.

NON-GAAP MEASURES

The terms "cash flow", "cash flow from operations", "cash flow from operations per share", "funds from operations" and "operating netback" are not recognized measures under GAAP and do not have standardized meanings prescribed by GAAP. Management of Mirage and Sahara believe that in addition to net earnings, "cash flow", "cash flow from operations", "funds from operations" and "operating netback" are useful supplemental measures as they demonstrate a company's ability to generate the cash necessary to repay debt or fund future growth through capital investment. Shareholders are cautioned, however, that these measures should not be construed as alternatives to net earnings determined in accordance with GAAP as an indication of Sahara's or Mirage's performance. Sahara's and Mirage's methods of calculating these measures may differ from those of other companies and, accordingly, they may not be comparable to measures used by other companies. For these purposes, Sahara and Mirage define "cash flow", "cash flow from operations" and "funds from operations" as cash provided by operations before changes in non cash operating working capital and define "operating netback" as revenue, net of transportation expenses, less royalties and operating expenses.

INFORMATION FOR UNITED STATES SHAREHOLDERS

The Sahara Shares to be issued to the Shareholders pursuant to the Arrangement have not been and will not be registered under the U.S. Securities Act and are being issued in reliance on the exemption from registration set forth in Section 3(a)(10) thereof. The solicitation of proxies for the Meeting is not subject to the requirements of Section 14(a) of the U.S. Exchange Act. Accordingly, the solicitations and transactions contemplated in this Information Circular are made in the United States for securities of a Canadian issuer in accordance with Canadian corporate and securities laws, and this Information Circular has been prepared solely in accordance with disclosure requirements applicable in Canada. Shareholders in the United States should be aware that such requirements are different from those of the United States applicable to registration statements under the U.S. Securities Act and proxy statements under the *U.S. Exchange Act*.

The financial statements and *pro forma* and historical financial information included herein or incorporated by reference herein have been prepared in accordance with Canadian GAAP and are subject to Canadian auditing and auditor independence standards, which differ from United States generally accepted accounting principles and auditing and auditor independence standards in certain material respects, and thus are not comparable in all respects to financial statements and *pro forma* and historical financial information of United States companies.

Likewise, information included or incorporated by reference herein concerning oil and gas properties, reserves and operations of Mirage and Sahara has been prepared in accordance with Canadian disclosure standards and is not comparable in all respects to similar information for United States companies. For example, the SEC normally permits oil and gas companies, in their filings with the SEC, to disclose only proved reserves (as defined in SEC rules). Canadian securities laws permit oil and gas companies, in their filings with Canadian securities regulators, to disclose proved reserves (defined differently from SEC rules) and probable reserves. Probable reserves are of higher risk and are generally believed to be less likely to be recovered than proved reserves. Moreover, the disclosure of estimated future net revenue from reserves has been calculated in accordance with Canadian practices using both constant and forecast prices and costs, whereas the SEC requires that the prices and costs be held constant at prices in effect on the date of the reserve report. As a consequence, the production volumes and reserve estimates in this Information Circular and the documents incorporated herein by reference may not be comparable to those of U.S. domestic companies subject to SEC reporting and disclosure requirements.

Shareholders should be aware that the Arrangement, the exchange of Mirage Shares for Sahara Shares pursuant thereto, and the ownership of Sahara Shares may have material tax consequences in the United States, including, without limitation, the possibility that the Arrangement is a taxable transaction, in whole or in part, for United States federal income tax purposes. Tax considerations applicable to U.S. Shareholders have not been included in this Information Circular. Shareholders are advised to consult their own tax advisors to determine the particular tax consequences to them of the Arrangement.

Under SEC rules, the U.S. Securities Act imposes limitations on resale of Sahara Shares issued pursuant to the Arrangement to persons who are "affiliates" of Sahara after the Arrangement. See "Procedure for the Arrangement to Become Effective – Securities Law Matters – United States" and "Resale of Sahara Shares".

The Sahara Shares to be issued in connection with the Arrangement have not been approved or disapproved by the SEC or the securities regulatory authority of any state of the United States, nor has the SEC or the securities regulatory authority of any state of the United States passed on the adequacy or accuracy of this Information Circular. Any representation to the contrary is a criminal offence.

Enforcement by the Shareholders of civil liabilities under United States securities laws may be affected adversely by the fact that Mirage and Sahara are organized under the laws of a jurisdiction outside the United States, that all of their officers and directors are residents of countries other than the United States, that some or all of the experts named in this Information Circular are residents of countries other than the United States, and that all or a substantial portion of the assets of Mirage, Sahara and such persons may be located outside the United States.

In this Information Circular and the documents incorporated herein by reference, all dollar amounts are expressed in Canadian dollars except where otherwise indicated. The following table sets forth: (i) the rates of exchange for Canadian dollars, expressed in United States dollars, in effect at the end of each of the periods indicated; (ii) the

average of exchange rates in effect on the last day of each month during such period; and (iii) the high and low exchange rates during each such period, in each case based on the noon buying rate in the City of New York for cable transfers in Canadian dollars as certified for customs purposes by the Federal Reserve Bank of New York.

	Nine months ended September 30,	Year ended December 31,		
	2007	2006	2005	2004
Rate at end of period	\$1.0041	\$0.8582	\$0.8579	\$0.8310
Average rate during period	\$0.9075	\$0.8847	\$0.8276	\$0.7719
High	\$1.0041	\$0.9100	\$0.8690	\$0.8493
Low	\$0.8437	\$0.8528	\$0.7872	\$0.7158

GLOSSARY OF TERMS

Unless the context indicates otherwise, the following terms shall have the meanings set out below when used in this Information Circular, including in the "Summary". Terms and abbreviations used in the Appendices to this Information Circular are defined separately and the terms and abbreviations defined below are not used therein, except where otherwise indicated.

"**ABCA**" means the *Business Corporations Act*, R.S.A. 2000, c. B-9, together with any amendments thereto and all the regulations promulgated thereunder;

"**Applicable Laws**" means applicable corporate, securities and other laws, regulations and rules and all policies and rules of applicable stock exchanges;

"**Arrangement**" means the arrangement under the provisions of section 193 of the ABCA, on the terms and conditions set forth in the Plan of Arrangement;

"**Arrangement Agreement**" means the arrangement agreement made effective as of February 25, 2008 between Mirage and Sahara, a copy of which is set forth in **Appendix "A"** to this Information Circular, pursuant to which Mirage and Sahara have proposed to implement the Arrangement, and includes any amendments thereto;

"**Arrangement Resolution**" means the special resolution approving the Arrangement to be considered at the Meeting, the full text of which is set forth in **Appendix "C"** to this Information Circular;

"**Articles of Arrangement**" means the articles of arrangement in respect of the Arrangement required under the ABCA to be filed with the Registrar after the Final Order is made to give effect to the Arrangement;

"**Board of Directors**" means the board of directors of Mirage;

"**Business Day**" means, with respect to any action to be taken, any day, other than Saturday, Sunday or a statutory holiday, in the place where such action is to be taken;

"**Closing**" means the completion of the transactions contemplated by the Arrangement Agreement;

"**Court**" means the Court of Queen's Bench of Alberta;

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

"**Depositary**" means Olympia or such other person that may be appointed by Sahara for the purpose of receiving deposits of certificates formerly representing Mirage Shares;

"**Dissent Rights**" means the rights of dissent in respect of the Arrangement Resolution provided in Article 5 of the Plan of Arrangement;

"**Dissenting Shareholders**" means registered Shareholders who validly exercise and do not, prior to the Effective Date, withdraw or otherwise relinquish the Dissent Rights available to such holders in respect of the Arrangement Resolution pursuant to the Interim Order;

"**Effective Date**" means the effective date of the Arrangement, being the date on which the Articles of Arrangement are filed under the ABCA giving effect to the Arrangement;

"**Effective Time**" means 12:01 a.m. on the Effective Date;

"**Fairness Opinion**" means the opinion of Salman Partners dated February 28, 2008, set forth in **Appendix "D"** to this Information Circular, that the consideration to be received by the Shareholders under the Arrangement is fair, from a financial point of view, to the Shareholders;

"**Final Order**" means the final order of the Court approving the Arrangement pursuant to subsection 193(9) of the ABCA, as such order may be affirmed, amended or modified by any court of competent jurisdiction;

"**GAAP**" means generally accepted accounting principles in Canada;

"**Governmental Authority**" means any federal, provincial, municipal or other political subdivision, government, department, commission, board, bureau, agency or instrumentality, domestic or foreign;

"**Information Circular**" means this information circular and proxy statement dated February 28, 2008, together with all appendices hereto and documents incorporated herein by reference and including the summary hereof, distributed by Mirage in connection with the Meeting;

"**Interim Order**" means the order of the Court pursuant to subsection 193(4) of the ABCA ordering the Meeting and setting out certain declarations and directions in respect of the Arrangement and the holding of the Meeting, as such order may be affirmed, amended or modified by any court of competent jurisdiction;

"**Letter of Transmittal**" means the letter of transmittal to be forwarded to the Shareholders with the Information Circular;

"**Meeting**" means the special meeting of the Shareholders, including any adjournment thereof, that is to be convened as provided by the Interim Order to consider and, if deemed advisable, approve the Arrangement;

"**Mirage**" means Mirage Energy Ltd., a body corporate amalgamated under the ABCA;

"**Mirage Debentures**" means the currently outstanding 10% fixed rate convertible debentures in the principal amount of \$567,000, which are convertible into units of Mirage at a price of \$0.50 per unit with each such unit being comprised of one (1) Mirage share and one (1) Mirage Share purchase warrant which entitles a holder to purchase a Mirage Share at a price of \$0.50 per share;

"**Mirage Financial Statements**" means, collectively, the audited consolidated financial statements of Mirage for the year ended December 31, 2006, together with the notes thereto and the report of the auditors thereon and the unaudited consolidated financial statements of Mirage for the nine months ended September 30, 2007;

"**Mirage Optionholders**" means the holders of Mirage Options;

"**Mirage Options**" means the outstanding options to purchase Mirage Shares issued to directors, officers and employees of, and consultants to, Mirage;

"**Mirage Report**" means the reserves report dated April 2, 2007 prepared by DeGolyer evaluating the light and medium oil, heavy oil and associated and non-associated gas reserves attributable to Canadian properties owned by Mirage as at December 31, 2006;

"**Mirage Shares**" means the common shares in the capital of Mirage;

"**Mirage Warrants**" means the 12,600 Mirage Share purchase warrants outstanding as of the date hereof, each such warrant entitling the holder thereof to acquire one Mirage Share at price of \$0.55 per share until June 28, 2008;

"**Notice of Meeting**" means the notice of the Meeting which accompanies this Information Circular;

"**Olympia**" means Olympia Trust Company;

"**Person**" means any individual, partnership, limited partnership, joint venture, trust, body corporate, unincorporated organization, committee, trade creditors' committee, government or agency, or instrumentality thereof, or any other entity howsoever designated or constituted;

"**Plan of Arrangement**" means the plan of arrangement set out in Exhibit 1 to the Arrangement Agreement, and any amendment thereto or variation thereof;

"**Record Date**" means the close of business on February 26, 2008;

"**Registrar**" means the Registrar of Corporations appointed pursuant to section 263 of the ABCA;

"**Sahara**" means Sahara Energy Ltd., a body corporate incorporated under the ABCA;

"**Sahara Debentures**" means the currently outstanding 10% fixed rate convertible debentures in the principal amount of \$770,000 which are convertible into units at a price of \$0.90 per unit, with each such unit being comprised of one Sahara Share and one Sahara Share purchase warrant which entitles a holder to purchase a Sahara Share at a price of \$0.90 per share;

"**Sahara Financial Statements**" means the audited consolidated financial statements of Sahara for the year ended December 31, 2006, together with the notes thereto and the report of the auditors thereon and the unaudited consolidated financial statements of Sahara for the nine months ended September 30, 2007;

"**Sahara Options**" means the outstanding options to purchase Sahara Shares issued to directors, officers and employees of, and consultants to, Sahara;

"**Sahara Report**" means the reserves report dated April 2, 2007 prepared by DeGolyer evaluating the light and medium oil, heavy oil and associated and non associated gas reserves attributable to properties owned by Sahara as at December 31, 2006;

"**Sahara Shares**" means the common shares in the capital of Sahara;

"**Sahara Warrants**" means the 7,500 Sahara Share purchase warrants outstanding as of the date hereof, each such warrant entitling the holder thereof to acquire one Sahara Share at price of \$1.05 per share, 1,500 of such warrant expire on June 28, 2008 and 6,000 of such warrants expire on which on July 11, 2008;

"**Salman Partners**" means Salman Partners Inc.;

"**SEC**" means the United States Securities and Exchange Commission;

"**Share Consideration**" means 0.50 of a Sahara Share for each Mirage Share;

"**Shareholders**" means the holders of Mirage Shares;

"**Subsidiary**" means a subsidiary as defined in the ABCA;

"**Tax Act**" means the *Income Tax Act*, R.S.C. 1985, C.1. (5th Supp), as amended, including the regulations promulgated thereunder;

"**TSXV**" or the "**Exchange**" means the TSX Venture Exchange, Inc.;

"**U.S.**" or "**United States**" means the United States of America, its territories and possessions, any state of the United States, and the District of Columbia;

"**U.S. Exchange Act**" means the United States *Securities Exchange Act of 1934*, as amended; and

"**U.S. Securities Act**" means the United States *Securities Act of 1933*, as amended.

ABBREVIATIONS

Oil and Natural Gas Liquids

bbl	Barrel
bbls	Barrels
Mbbls	thousand barrels
MMbbls	million barrels
BOE	barrels of oil equivalent of natural gas on the basis of 1 BOE for 6 Mcf of natural gas (unless otherwise indicated)
MBOE	one thousand barrels of oil equivalent
MMBOE	one million barrels of oil equivalent
BOE/d	barrels of oil equivalent per day
bbls/d	barrels per day
NGLs	natural gas liquids
stb	stock tank barrels

Natural Gas

Mcf	thousand cubic feet
MMcf	million cubic feet
Mcf/d	thousand cubic feet per day
MMcf/d	million cubic feet per day
MMbtu	million British Thermal Units
Bcf	billion cubic feet
GJ	gigajoule

Other

AECO	the natural gas delivery point in southeast Alberta
API	American Petroleum Institute
°API	an indication of the specific gravity of crude oil measured on the API gravity scale. Liquid petroleum with a specified gravity of 28° API or higher is generally referred to as light crude oil.
m ³	cubic metres
WTI	West Texas Intermediate crude oil
\$000s	thousands of dollars

BOE, as used in this document, may be misleading, particularly if used in isolation. A BOE conversion ratio for natural gas of 6 Mcf:1 bbl has been used, which is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead.

CONVERSION

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

To Convert From	To	Multiply By
Mcf	Cubic metres	28.174
Cubic metres	Cubic feet	35.494
bbls	Cubic metres	0.159
Cubic metres	bbls	6.290
Feet	Metres	0.305
Metres	Feet	3.281
Miles	Kilometres	1.609
Kilometres	Miles	0.621
Acres	Hectares	0.405
Hectares	Acres	2.471

SUMMARY

This summary is provided for convenience of reference only and is qualified in its entirety by the more detailed information appearing elsewhere in the Notice of Meeting, the Notice of Petition and this Information Circular, including the Appendices hereto and the information incorporated by reference herein. Terms with initial capital letters in this summary are defined under the "Glossary of Terms" in this Information Circular.

Mirage

Mirage is a corporation amalgamated under the ABCA and engaged in the exploration for, and the acquisition, development and production of, crude oil, natural gas and NGLs reserves in western Canada. Mirage is a reporting issuer in British Columbia and Alberta and the Mirage Shares are listed for trading on the TSX Venture Exchange (the "TSXV"). Mirage's head office and registered office are located at 800, 510 – 5th Street S.W., Calgary, Alberta T2P 3S2. See "Information Concerning Mirage".

Sahara

Sahara is a corporation amalgamated under the ABCA and engaged in the exploration for, and the acquisition, development and production of, crude oil, natural gas and NGLs reserves in western Canada. Sahara is a reporting issuer in British Columbia, Alberta and Ontario. Sahara Shares are listed for trading on the TSXV. Sahara's head and registered office is located at 800, 510 – 5th Street S.W., Calgary, Alberta T2P 3S2. See "Information Concerning Sahara" and **Appendix "F"** – "Information Concerning Sahara".

The Meeting

The Meeting will be held at 1400, 350 – 7th Avenue S.W., Calgary, Alberta, on Friday, March 28, 2008 at 9:00 a.m. (Calgary time) for the purposes set forth in the accompanying Notice of Meeting. The business of the Meeting will be to consider and vote upon the Arrangement and to transact such further and other business as may properly be brought before the Meeting. See "The Arrangement".

The Arrangement

The Arrangement Agreement provides for the implementation of the Plan of Arrangement pursuant to which, on the Effective Date, each issued and outstanding Mirage Share, other than those held by Dissenting Shareholders, shall be deemed to be transferred to Sahara in exchange for the Share Consideration. For other terms and conditions of the Arrangement, see "The Arrangement Agreement – Conditions to the Arrangement", for a discussion of the treatment of Shareholders, see "Effect of the Arrangement Upon Shareholders".

Benefits of the Arrangement

The Board of Directors believes that the Arrangement is in the best interests of the Shareholders and that the Arrangement provides a number of benefits primarily relating to an improved platform to enhance value to the Shareholders and to reduce risk, including:

- (a) becoming a larger, growth-oriented junior producer that can realize benefits of size and scale through a larger production base, operational and geographic synergies and an expanded inventory of drilling prospects;
- (b) an enlarged asset base and increased production volumes that will improve the combined entity's ability to internally fund its drilling programs, acquisition focus and longer term value opportunities and enhance its ability to shift capital between gas and oil projects in response to commodity price environment changes and gain more reliable access to key services;

- (c) streamlining management resources into the economic exploitation of reserves over the duplication of resources expended to meet shareholder and regulatory disclosure requirements as a consequence of the overlapping nature of the companies operations and management;
- (d) reducing general and administrative costs;
- (e) the fulfilment of the business plan given the changes in the industry environment for junior oil and gas exploration and production companies in western Canada; and
- (f) allow the combined entity to seek potential exit strategies and strategic alternatives to maximize shareholder value.

Fairness Opinion

The Board of Directors has received the Fairness Opinion from Salman Partners. The Fairness Opinion provides that, on the basis of the information provided to and reviewed by Salman Partners and subject to the assumptions and limitations set out in the Fairness Opinion, the consideration to be received by the Shareholders pursuant to the Arrangement is fair, from a financial point of view, to the Shareholders. A copy of the Fairness Opinion is attached to this Information Circular as Appendix "D" and should be read carefully and in its entirety. See also "The Arrangement – The Fairness Opinion". The Fairness Opinion does not constitute a recommendation to any Shareholder as to how such Shareholder should vote at the Meeting.

Recommendation of the Board of Directors of Mirage

As all of the members of the Board of Directors are also members of the Board of Directors of Sahara, such directors cannot approve the Arrangement and the Arrangement Agreement pursuant to the provisions of the ABCA; therefore, the Arrangement and the Arrangement Agreement must be ratified and approved by the Shareholders to be binding and enforceable against Mirage. However, the Board of Directors has determined that the Arrangement is fair from a financial point of view to the Shareholders, is in the best interests of Mirage and the Shareholders, and should be placed before the Shareholders for their approval at the Meeting. The Board of Directors recommends that the Shareholders vote in favour of the Arrangement. See "The Arrangement – Background to the Arrangement" and "The Arrangement – Recommendation of the Board of Directors".

Conditions to the Arrangement

The respective obligations of Mirage and Sahara to complete the transactions contemplated by the Arrangement Agreement are subject to a number of conditions that must be satisfied in order for the Arrangement to become effective. A copy of the Arrangement Agreement is attached to this Information Circular as **Appendix "A"**. Upon all of the conditions being fulfilled or waived, the Arrangement Agreement requires Mirage to file a copy of the Final Order and the Articles of Arrangement with the Registrar in order to give effect to the Arrangement. A summary of the conditions is provided in the main body of this Information Circular under the heading "The Arrangement Agreement – Conditions to the Arrangement".

Procedure for the Arrangement to Become Effective

Procedural Steps

The Arrangement is proposed to be carried out pursuant to section 193 of the ABCA. The following procedural steps must be taken in order for the Arrangement to become effective:

- (a) the Arrangement must be approved by the Shareholders in the manner set forth in the Interim Order;
- (b) the Court must grant the Final Order approving the Arrangement;

- (c) all conditions precedent to the Arrangement, as set forth in the Arrangement Agreement, must be satisfied or waived by the appropriate party; and
- (d) the Final Order and Articles of Arrangement in the form prescribed by the ABCA must be filed with the Registrar.

Shareholder Approval

Pursuant to the terms of the Interim Order, the Arrangement Resolution must, subject to further order of the Court, be approved by at least 66⅔% of the votes cast by the Shareholders present in person or by proxy at the Meeting. To Mirage's knowledge, no registered or beneficial interests, direct or indirect, in any securities or other property of Mirage or of one of Mirage's associates or affiliates (i) were held by DeGolyer, when DeGolyer prepared the report, valuation, statement or opinion in question, (ii) were received by DeGolyer after DeGolyer prepared the report, valuation, statement or opinion in question, or (iii) is to be received by DeGolyer.

Neither Mackay LLP or DeGolyer, nor any director, officer or employee of Mackay LLP or DeGolyer is or is expected to be elected, appointed or employed as a director, officer or employee of Mirage or of any associate or affiliate of Mirage.

Mackay LLP is independent of Mirage within the meaning of the Rules of Professional Conduct of the Institute of Chartered Accountants of Alberta. See "Procedure for the Arrangement to Become Effective – Shareholder Approval" in this Information Circular.

Notwithstanding the foregoing, the Arrangement Resolution authorizes the Board of Directors, without further notice to or approval of the Shareholders, subject to the terms of the Arrangement, to amend the Arrangement Agreement or to decide not to proceed with the Arrangement at any time prior to the Arrangement becoming effective pursuant to the provisions of the ABCA. See **Appendix "C"** to this Information Circular for the full text of the Arrangement Resolution.

Court Approval

On February 28, 2008, Mirage obtained the Interim Order providing for the calling and holding of the Meeting and other procedural matters. The Interim Order is attached as **Appendix "B"** to this Information Circular.

Subject to the terms of the Arrangement Agreement and provided that the Arrangement Resolution is approved at the Meeting, Mirage will make application to the Court for the Final Order at the Court House, 601 – 5th Street S.W., Calgary, Alberta on March 28, 2008, at 1:00 p.m. (Calgary time) or as soon thereafter as counsel may be heard. The Notice of Petition for the Final Order accompanies this Information Circular. See "Procedure for the Arrangement to Become Effective – Court Approval".

Securities Law Matters

All Sahara Shares to be issued under the Arrangement will be issued in reliance on exemptions from registration and prospectus requirements of applicable Canadian and United States securities laws. The Sahara Shares will generally be freely tradable (other than as a result of any control block restrictions which may arise by virtue of the ownership thereof) under applicable securities laws in Canada. The Sahara Shares will generally be freely tradable (other than by persons who are "affiliates" of Sahara after the Arrangement) under the U.S. Securities Act. See "Procedure for the Arrangement to Become Effective – Securities Law Matters – United States" and "Resale of Sahara Shares".

Exchange of Mirage Debentures and Warrants

Upon completion of the Arrangement, all of Mirage's obligations pursuant to the Mirage Debentures and the Mirage Warrants will be convertible or exercisable, as applicable, into securities of Sahara without the need or necessity for the holders of such securities to take any action.

Stock Exchange Listing Approvals

Sahara and Mirage expect that prior to the completion of the Arrangement the TSXV will have conditionally approved the listing of the Sahara Shares to be issued pursuant to the Arrangement and the Mirage Debentures and the Mirage Warrants as assumed by Sahara pursuant to the Arrangement, subject only to the filing of required documents which cannot be filed prior to the Effective Date. See "The Arrangement – Stock Exchange Listing Approvals".

Treatment of Fractional Sahara Shares

No fractional Sahara Shares will be issued to registered Shareholders.

Timing

Subject to all conditions precedent to the Arrangement as set forth in the Arrangement Agreement being satisfied or waived by the appropriate party, the Arrangement will become effective upon the filing with the Registrar of a copy of the Final Order and the Articles of Arrangement. If the Meeting is held and the Arrangement Resolution is approved by the Shareholders as required by the Interim Order, Mirage will apply to the Court for the Final Order. If the Final Order is obtained on March 28, 2008, in form and substance satisfactory to Mirage and Sahara, and all other conditions specified in the Arrangement Agreement are satisfied or waived, Mirage and Sahara expect the Effective Date will be March 31, 2008.

The Effective Date could be delayed, however, for a number of reasons, including an objection before the Court at the hearing of the application for the Final Order.

Exchange of Mirage Shares for Sahara Shares

The Arrangement Agreement provides for the implementation of the Plan of Arrangement pursuant to which, on the Effective Date, each issued and outstanding Mirage Share, other than those held by Dissenting Shareholders, shall be deemed to be transferred to Sahara in exchange for the Share Consideration. See "Procedure for the Arrangement to Become Effective".

Exchange of Certificates Pursuant to the Arrangement

A form of Letter of Transmittal containing instructions with respect to the surrender of certificates representing Mirage Shares is enclosed with this Information Circular for use by registered Shareholders (other than Dissenting Shareholders) in exchanging their certificates for Share Consideration. Upon completion of the Arrangement and upon surrender of a properly completed Letter of Transmittal together with certificates representing Mirage Shares to the Depository and any other documents the Depository reasonably requires, certificates representing Sahara Shares will be issued and delivered to each such former Shareholder.

Pursuant to the terms of the Plan of Arrangement, any certificates formerly representing Mirage Shares that are not deposited with the Depository together with a duly completed Letter of Transmittal and any other documents the Depository reasonably requires on or before the fourth anniversary of the Effective Date shall cease to represent a right or claim of any kind or nature and the right of the holder of such Mirage Shares to receive consideration therefor under the Arrangement shall be deemed to be surrendered to Sahara together with all dividends, distributions and interest thereon held for such holder.

Effect of the Arrangement Upon Shareholders

Upon completion of the Arrangement, Mirage will be a wholly-owned Subsidiary of Sahara and former Shareholders, other than Dissenting Shareholders, will be holders of Sahara Shares.

There are currently 26,807,792 Mirage Shares, 2,260,000 Mirage Options, 24,058,406 Sahara Shares and 2,440,000 Sahara Options outstanding. Each Mirage Optionholder has agreed to, prior to the Effective Time, cancel and

surrender to Mirage any unexercised Mirage Options. Assuming that the Arrangement proceeds, 13,403,896 Sahara Shares will be issued to the Shareholders (other than Dissenting Shareholders) pursuant to the Arrangement. As a result, there will be approximately 37,462,302 Sahara Shares issued and outstanding immediately following completion of the Arrangement. The 13,403,896 Sahara Shares then held by former Shareholders immediately following completion of the Arrangement will represent approximately 35.2% of the then outstanding Sahara Shares. See "Effect of the Arrangement upon the Shareholders".

Additionally, upon completion of the Arrangement, Sahara will assume all of the covenants and obligations of Mirage under the Mirage Debentures and the Mirage Warrants. Holders of Mirage Debentures will be entitled to receive Sahara Shares and warrants to purchase Sahara Shares upon conversion of such Mirage Debentures subsequent to the Effective Date, subject to adjustments as per the terms of the certificates representing such Mirage Debentures. Holders of Mirage Warrants will be entitled to receive Sahara Shares upon exercise of such Mirage Warrants subsequent to the Effective Date, subject to adjustments as per the terms of the certificates representing such Mirage Warrants. For further information see "Pro Forma Information about Sahara after Giving Effect to the Arrangement – Pro Forma Consolidated Capitalization" in this Information Circular.

Risk Factors

Upon the completion of the Arrangement, Shareholders will receive Sahara Shares in exchange for their Mirage Shares. An investment in the Sahara Shares would be subject to certain risks in addition to the risks applicable to an investment in the Mirage Shares. Shareholders should carefully consider the risks described under the heading "Risk Factors" herein.

In addition to the above, Shareholders should consider that Mirage and Sahara may not realize the anticipated benefits of the Arrangement.

Certain Canadian Federal Income Tax Considerations

Mirage Shareholders who are resident in Canada generally realize neither a capital gain nor a capital loss as a result of the exchange of their Mirage Shares for Sahara Shares upon the Arrangement becoming effective. Mirage Shareholders who are not resident in Canada will generally not be subject to Canadian tax in respect of the Arrangement.

See "The Arrangement - Canadian Federal Income Tax Consequences".

Mirage Shareholders should consult their own legal and tax advisors as to the tax consequences of the Arrangement to determine the particular tax consequences thereof to them.

Non-Canadian Income Tax Considerations

This Information Circular does not contain a summary of the non-Canadian income tax considerations of the Arrangement on Shareholders who are subject to income tax outside of Canada. Such Shareholders should consult their tax advisors with respect to the tax implications of the Arrangement, including any associated filing requirements, in such jurisdictions.

United States tax considerations applicable to Mirage Shareholders resident in the United States are not disclosed in this summary or elsewhere in the Information Circular. Mirage Shareholders resident in the United States are urged to consult their own income tax advisors as to the consequence of the Arrangement to them.

Right of Dissent

Pursuant to the ABCA and the Interim Order, a registered Shareholder will have the right to dissent with respect to the Arrangement Resolution. To exercise such right, the Dissenting Shareholder must send to Mirage a written objection to the Arrangement Resolution, which written objection in respect of Mirage Shares must be received by

Mirage c/o Burnet, Duckworth & Palmer LLP, 1400, 350 – 7th Avenue S.W., Calgary, Alberta T2P 3N9, Attention: Shannon Wray, not later than 4:00 p.m. (Calgary time) on the Business Day prior to the Meeting and the Dissenting Shareholders must otherwise comply with section 191 of the ABCA, as modified and supplemented by the Interim Order. Provided the Arrangement becomes effective, each Dissenting Shareholder will be entitled to be paid the fair value of the Mirage Shares in respect of which the holder dissents in accordance with section 191 of the ABCA, as modified and supplemented by the Interim Order. See Appendices "B" and "E" for a copy of the Interim Order and the provisions of section 191 of the ABCA, respectively.

The statutory provisions covering the right of dissent are technical and complex. Failure to strictly comply with the requirements set forth in section 191 of the ABCA, as modified and supplemented by the Interim Order, may result in the loss of any right of dissent. A Person who is a beneficial holder of Mirage Shares registered in the name of a broker, custodian, nominee or other intermediary who wishes to dissent, should be aware that only the registered holder of such Mirage Shares is entitled to dissent. Accordingly, a beneficial holder of Mirage Shares desiring to exercise the right of dissent must make arrangements for such Mirage Shares beneficially owned to be registered in such holder's name prior to the time the written objection to the resolution approving the Arrangement is required to be received by Mirage or, alternatively, make arrangements for the registered holder of such Mirage Shares to dissent on such holder's behalf. Pursuant to the Interim Order, a Dissenting Shareholder may not exercise the right of dissent in respect of only a portion of such holder's Mirage Shares and may not vote any Mirage Shares in favour of the Arrangement. See "Right of Dissent" and **Appendix "E"**.

It is a condition to the Arrangement that Shareholders holding no more than 5% of the Mirage Shares shall have validly exercised rights of dissent in relation to the Arrangement Resolution that have not been withdrawn as at the Effective Date. See "The Arrangement Agreement – Conditions to the Arrangement".

Selected Pro Forma Financial Information

The following table sets out certain pro forma financial information of Mirage and Sahara as at and for the year ended December 31, 2006 and as at and for the nine months ended September 30, 2007 after giving effect to the Arrangement.

The information provided below is qualified in its entirety by the unaudited pro forma consolidated financial statements attached as Appendix "G" hereto. Reference should be made to those financial statements as well as to the annual and interim financial statements of Sahara and Mirage, which are incorporated by reference in this Information Circular which are available on SEDAR at www.sedar.com.

	As at and for the Year Ended December 31, 2006		As at and for the Year Ended December 31, 2006 <i>Pro Forma After Giving Effect to the Arrangement</i> ⁽⁴⁾	As at and for the Period Ended September 30, 2007 <i>Pro Forma After Giving Effect to the Arrangement</i>
	Mirage ⁽²⁾	Sahara ⁽³⁾		
Petroleum and Natural Gas Revenue	197,306	818,571	1,015,877	2,707,481
Net Earnings (Loss)	(782,649)	(1,604,635)	(2,387,284)	(3,253,712)
Per Share (Basic)	(0.09)	(0.11)	(0.07)	(0.10)
Per Share (Diluted)	(0.09)	(0.11)	(0.07)	(0.10)
Total Assets	8,786,500	19,794,445	-	23,276,650
Total Liabilities	1,233,164	9,331,902	-	12,708,469
Working Capital (deficit) ⁽¹⁾	382,729	(1,288,913)	-	(2,702,494)
Shareholders' Equity	7,553,336	10,462,543	-	10,568,181

Notes:

- (1) Working capital is current assets net of current liabilities including bank debt and excluding unrealized financial instruments.
- (2) Derived from the annual and interim financial statements of Mirage, which are incorporated herein by reference.
- (3) Derived from the annual and interim financial statements of Sahara, which are incorporated herein by reference.
- (4) Pro-forma balance sheet as at the year ended December 31, 2006 was not prepared.

THE ARRANGEMENT

General

The Arrangement Agreement provides for the implementation of the Plan of Arrangement pursuant to which, on the Effective Date, each issued and outstanding Mirage Share, other than those held by Dissenting Shareholders, shall be deemed to be transferred to Sahara in exchange for the Share Consideration.

Each Mirage Optionholder has agreed to, prior to the Effective Time, either exercise or cancel and surrender to Mirage any unexercised Mirage Options. The obligations of Mirage pursuant to the Mirage Debentures and the Mirage Warrants will be assumed by Sahara at the Effective Time.

The Plan of Arrangement is attached as Exhibit 1 to the Arrangement Agreement, which is included in this Information Circular as **Appendix "A"**. Readers are encouraged to carefully review the Plan of Arrangement, as it contains the specific terms and conditions governing the Arrangement.

Background to the Arrangement

Management and the Board of Directors continually assess Mirage's strategic position and regularly review and evaluate the opportunities available to Mirage to maximize shareholder value.

In October 2007, the management of Mirage examined changes in the industry environment for junior oil and gas exploration and production companies in western Canada, together with Mirage's properties and potential for profitable growth. In this regard, Mirage's management and the Board of Directors considered the potential for corporate transactions, asset transactions, and equity and debt financing consistent with Mirage's growth strategies. The Board of Directors subsequently authorized the management of Mirage to pursue strategic alternatives.

On February 5, 2008, the Board of Directors, based in part on the oral preliminary fairness opinion of Salman Partners, determined that the Arrangement was in the best interests of Mirage and the Shareholders, and was fair, from a financial point of view, to the Shareholders. Based on the fact that all the directors of Mirage are also directors of Sahara, the ABCA prohibits the Board of Directors from voting to approve the Arrangement Agreement and the Arrangement and as such the Board of Directors wishes to have the Shareholders approve and ratify the Arrangement. On February 6, 2008, Sahara and Mirage entered into a letter of intent with respect to the Arrangement. On February 25, 2008, Sahara and Mirage entered into the Arrangement Agreement.

On February 28, 2008, the Board of Directors received the Fairness Opinion and approved the Information Circular. See "The Arrangement – The Fairness Opinion".

Benefits of the Arrangement

The Board of Directors believes that the Arrangement is in the best interests of the Shareholders and that the Arrangement provides a number of benefits primarily relating to an improved platform to enhance value to the Shareholders and to reduce risk, including:

- (a) becoming a larger, growth-oriented junior producer that can realize benefits of size and scale through a larger production base, operational and geographic synergies and an expanded inventory of drilling prospects;
- (b) an enlarged asset base and increased production volumes that will improve the combined entity's ability to internally fund its drilling programs, acquisition focus and longer term value opportunities and enhance its ability to shift capital between gas and oil projects in response to commodity price environment changes and gain more reliable access to key services;

- (c) streamlining management resources into the economic exploitation of reserves over the duplication of resources expended to meet shareholder and regulatory disclosure requirements as a consequence of the overlapping nature of the companies operations and management;
- (d) reducing general and administrative costs;
- (e) the fulfilment of the business plan given the changes in the industry environment for junior oil and gas exploration and production companies in western Canada; and
- (f) allow the combined entity to seek potential exit strategies and strategic alternatives to maximize shareholder value.

The Fairness Opinion

In its evaluation of the Arrangement and the proposed business combination of Mirage and Sahara, the Board of Directors relied upon, among other things, the Fairness Opinion of Salman Partners, as financial advisor to the Board of Directors, as to whether the consideration to be received by the Shareholders pursuant to the Arrangement is fair, from a financial point of view, to the Shareholders. Salman Partners was retained as financial advisor to the Board of Directors on the basis of its expertise in such matters.

Established in 1994, Salman Partners is an independent, research-driven investment dealer serving institutional, corporate, and individual clients. Salman Partners provides investment banking, equity research, equity trading and financial advisory services to its clients throughout Canada and internationally. Salman Partners has participated in merger and acquisition transactions and is experienced in preparing fairness opinions. Salman Partners is a member of the TSX-Venture Exchange, the Investment Dealers Association and the Canadian Investors Protection Fund and is a Participating Organization of the Toronto Stock Exchange.

Salman Partners is not an insider, associate or affiliated entity (as those terms are defined in the Securities Act (Alberta) of Mirage, Sahara or any of their respective affiliates (collectively, the “Interested Parties”). Salman Partners has not participated in any financial arrangement, nor had a material financial interest in any transaction involving any Interested Party during the 24 months preceding the signing of the Engagement Agreement. Salman Partners is not acting currently as an advisor to any Interested Party in connection with any other matter other than acting as financial advisor to Mirage as described above. Salman Partners may in the future, in its ordinary course of business, provide financial advisory or investment banking services to an Interested Party.

Salman Partners acts as trader and dealer, both as principal and agent, in major financial markets and as such may have had positions in the securities of Mirage or Sahara and from time to time may have executed transactions on behalf of such companies or clients for which it received, or may receive compensation. As an investment dealer, Salman Partners conducts research in securities and may, in the ordinary course of business, provide research reports and investment advice to its clients or investment matters, including with respect to Mirage, Sahara and any of their associates or affiliates. Salman Partners does not believe that any of these relationships affect Salman Partners’ independence with respect to the Opinion.

In consideration for its services as financial advisor to Mirage, including the provision of the Fairness Opinion, Mirage agreed to pay to Salman Partners a fee upon the delivery of the Fairness Opinion and to indemnify it and certain related parties in respect of certain liabilities. Such fee is not contingent, in whole or in part, on the success of the Arrangement or on the conclusion reached in the Opinion.

On February 5, 2008, Salman Partners advised the Board of Directors that the consideration to be received by the Shareholders pursuant to the Arrangement is fair, from a financial point of view, to the Shareholders and advised that it would be in a position to deliver the Fairness Opinion subject to review of final documentation. On February 28, 2008, Salman Partners provided the Fairness Opinion to Board of Directors. In the Fairness Opinion, Salman Partners concluded, on the basis of the information provided to and reviewed by Salman Partners, subject to the assumptions and limitations contained in the Fairness Opinion, that the consideration to be received by the Shareholders pursuant to the Arrangement is fair, from a financial point of view, to the Shareholders.

A copy of the full text of the Fairness Opinion is attached as Appendix "D" to this Information Circular and sets forth, among other things, the assumptions made, information reviewed, matters considered and limitations on the scope of the review undertaken by Salman Partners in rendering the Fairness Opinion. The Fairness Opinion is subject to the assumptions and limitations contained therein and should be read in its entirety. The Fairness Opinion addresses only the fairness to the Shareholders, from a financial point of view, of the consideration to be received by the Shareholders pursuant to the Arrangement, and is for the information of the Board of Directors in connection with its consideration of the Arrangement and any recommendation to the Shareholders with respect to the Arrangement that the Board of Directors may make. The Fairness Opinion does not constitute a recommendation to any Shareholder as to how such Shareholder should vote at the Meeting.

Recommendation of the Board of Directors

Prior to entering into the Arrangement Agreement, the Board of Directors considered the business combination with Sahara on the terms and conditions as provided for in the Arrangement Agreement. The Board of Directors concluded that the Arrangement is in the best interests of Mirage and the Shareholders and, as such, has authorized submission of the Plan of Arrangement to the Shareholders for approval and to the Court for the Final Order.

In coming to its conclusion and recommendations, the Board of Directors considered, among others, the following factors:

1. the benefits of the Arrangement as outlined herein;
2. information concerning the financial condition, results of operations, business plans and prospects of Mirage and Sahara, and the resulting potential for the enhancement of the business efficiency, management effectiveness and financial and operating results of the combined entity;
3. the advice of Salman Partners that it would be in a position to provide the Fairness Opinion; and
4. that the Shareholders that oppose the Arrangement may, subject to compliance with certain conditions, dissent with respect to the Arrangement Resolution and be entitled to be paid the fair value for their Mirage Shares in accordance with section 191 of the ABCA and the Interim Order.

As all of the members of the Board of Directors of Mirage are also members of the Board of Directors of Sahara, such directors cannot approve the Arrangement and the Arrangement Agreement pursuant to the provisions of the ABCA; therefore, the Arrangement and the Arrangement Agreement must be ratified and approved by the Shareholders to be binding and enforceable against Mirage. However, the Board of Directors recommends that the Shareholders vote in favour of the Arrangement Resolution.

THE ARRANGEMENT AGREEMENT

The Arrangement Agreement provides for the implementation of the Plan of Arrangement. The following is a summary only and reference should be made to the full text of the Arrangement Agreement and the Plan of Arrangement set forth in **Appendix "A"** to this Information Circular.

Conditions to the Arrangement

The respective obligations of Mirage and Sahara to complete the transactions contemplated by the Arrangement Agreement are subject to a number of conditions that must be satisfied or waived in order for the Arrangement to become effective. There is no assurance that these conditions will be satisfied or waived on a timely basis. These conditions are described in the Arrangement Agreement and include the following:

Mutual Conditions

1. the Interim Order shall have been granted on or before March 15, 2008 in form and substance satisfactory to Sahara and Mirage, acting reasonably, and such order shall not have been set aside or modified in a manner unacceptable to Sahara and Mirage, acting reasonably, on appeal or otherwise;
2. the Arrangement Resolution, with or without amendment, shall have been passed by the Shareholders at the Meeting in accordance with the Interim Order and in form and substance satisfactory to each of Sahara and Mirage, acting reasonably;
3. the Final Order shall have been granted in form and substance satisfactory to Sahara and Mirage, acting reasonably;
4. the Articles of Arrangement shall be in form and substance satisfactory to Sahara and Mirage, acting reasonably;
5. the Arrangement shall have become effective on or prior to April 15, 2008 or such later date as agreed to in writing by Sahara and Mirage, acting reasonably;
6. each of Mirage and Sahara shall have obtained all consents, approvals and authorizations, regulatory or otherwise, including third party approvals and consents required or necessary to be obtained by it in connection with the transactions contemplated by the Arrangement Agreement on terms and conditions reasonably satisfactory to the other party, acting reasonably;
7. the TSXV shall have conditionally approved the listing of the Sahara Shares to be issued pursuant to the Arrangement, the Mirage Debentures as assumed by Sahara pursuant to the Arrangement, subject only to the filing of required documents which cannot be filed prior to the Effective Date;
8. there shall be no action taken under any existing Applicable Laws or regulation, nor any statute, rule, regulation or order which is enacted, enforced, promulgated or issued by any court, Governmental Authority or similar agency, domestic or foreign, that:
 - (a) makes it illegal or otherwise directly or indirectly restrains, enjoins or prohibits the Arrangement or any other transactions contemplated by the Arrangement Agreement;
 - (b) has the effect or may have the effect to cease trade, enjoin, prohibit or impose material limitations on trading in the Sahara Shares or the Mirage Shares;
 - (c) results in a judgment or assessment of material damages, directly or indirectly, relating to the transactions contemplated by the Arrangement Agreement;
 - (d) prohibits Sahara's or Mirage's ownership or operation of all or any material portion of the business or assets of Sahara or Mirage, respectively, or compels Sahara or Mirage to dispose of or hold separately all or any portion of the business or assets of Sahara or Mirage, respectively, or the Mirage Shares;
 - (e) imposes or confirms material limitations on the ability of Sahara to effectively exercise full rights of ownership of the Mirage Shares, including, without limitation, the right to vote any such securities; or
 - (f) imposes or confirms material limitations on the ability of the Shareholders to effectively exercise full rights of ownership of the Sahara Shares issued pursuant to the Arrangement, including, without limitation, the right to vote any such securities; and

The foregoing conditions are for the mutual benefit of Mirage and Sahara and may be waived, in whole or in part, by the mutual agreement in writing of Sahara and Mirage at any time.

Sahara's Conditions to Closing

The Arrangement Agreement also provides for certain specific conditions in favour of Sahara, including that:

1. prior to the Effective Time, all holders of Mirage Options shall have executed agreements with Mirage providing for the cancellation of such Mirage Options if not exercised prior to the Effective Time;
2. prior to the date of mailing of this Information Circular, Mirage shall have received a satisfactory fairness opinion in writing from Salman Partners that the consideration to be received under the Arrangement is fair, from a financial point of view, to the Shareholders;
3. except as affected by transactions contemplated by the Arrangement Agreement, the representations and warranties made by Mirage in the Arrangement Agreement shall be true and correct in all material respects as of the date of the Arrangement Agreement and as of the Effective Date as if made on and as of such date (except to the extent such representations and warranties speak as of an earlier date or as permitted by the Arrangement Agreement) and Mirage shall have provided to Sahara a certificate of two senior officers of Mirage certifying such accuracy on the Effective Date and Sahara shall have no knowledge to the contrary;
4. there shall be no outstanding or threatened claims, suits, actions or proceedings against Mirage or all such outstanding or threatened claims, suits, actions or proceedings against Mirage will have been settled to the satisfaction of Sahara, acting reasonably;
5. Mirage shall have complied in all material respects with its covenants in the Arrangement Agreement and shall have provided to Sahara a certificate of two senior officers of Mirage certifying that it has complied with such covenants and Sahara shall have no knowledge to the contrary;
6. no material adverse change shall occur in the assets, liabilities, affairs, operations, business or prospects of Mirage, on a consolidated basis and after the date of the Arrangement Agreement and prior to the Effective Date, and no material adverse change shall occur in the financial condition of Mirage, on a consolidated basis and after the date of the Arrangement Agreement and prior to the Effective Date from that reflected in the Mirage Financial Statements;
7. no act, action, suit, proceeding, objection or opposition shall have been threatened or taken before or by any Governmental Authority, by any elected or appointed public official or private Person in Canada or elsewhere (whether or not having the force of law) and no law, regulation, policy, judgment, decision, order, ruling or directive (whether or not having the force of law) shall have been proposed, enacted, promulgated, amended or applied, which in the sole judgment of Sahara, acting reasonably, in either case has had or, if the Arrangement was consummated, would result in a material adverse change in the affairs, operations or business of Mirage or Sahara or would have a material adverse effect on the ability of the parties to complete the Arrangement;
8. the date of the mailing of the Information Circular and other documentation in connection with the Meeting shall have occurred on or prior to March 15, 2008;
9. Mirage shall have obtained all consents, waivers, permissions and approvals necessary to complete the Arrangement by or from relevant third parties, on terms and conditions satisfactory to Sahara, acting reasonably, including, without limitation:
 - (a) the approval of the Shareholders required for the Arrangement pursuant to the ABCA, or as required by the Court;

- (b) all applicable regulatory approvals, orders, notices and consents (including, without limitation, those under the *Competition Act* (Canada) and all applicable statutory or regulatory waiting periods shall have expired or been terminated;
- (c) the approval of the Court; and
- (d) the approval or consent of Mirage's bankers, lenders and creditors, as required;

(collectively, the "**Third Party Approvals**");

10. holders of not greater than 5% of the outstanding Mirage Shares shall have exercised rights of dissent in respect of the Arrangement that have not been withdrawn as at the Effective Date;
11. Mirage shall have furnished Sahara with certified copies of the resolutions duly passed by the Board of Directors approving the Arrangement Agreement and the consummation of the transactions contemplated thereby;
12. Mirage shall have furnished Sahara with certified minutes of the Meeting confirming that the Arrangement Resolution was approved by the requisite majority;
13. immediately prior to the Effective Time, Sahara shall be satisfied there shall not be more than 26,807,792 Mirage Shares outstanding and Sahara shall be satisfied that upon completion of the Arrangement and the assumption by Sahara of Mirage's obligations pursuant to the Mirage Debentures no person shall have any agreement, option or any right or privilege (whether by law, pre emptive, by contract or otherwise) capable of becoming an agreement or option for the purchase, subscription, allotment or issuance of any issued or unissued, Mirage Shares;
14. Mirage has no outstanding hedging obligations and Mirage will not enter into any financial or physical hedging transactions without Sahara's consent;
15. Mirage will provide Sahara with a summary of all standby letters of credit and guarantees; and
16. the Effective Date shall have occurred on or prior to April 15, 2008.

The foregoing conditions are for the exclusive benefit of Sahara and may be waived, in whole or in part, by Sahara on written notice to Mirage at any time.

Mirage's Conditions to Closing

The Arrangement Agreement also provides for certain specific conditions in favour of Mirage, including that:

1. except as affected by transactions contemplated by the Arrangement Agreement, the representations and warranties made by Sahara in the Arrangement Agreement shall be true in all material respects as of the date of the Arrangement Agreement and as of the Effective Date as if made on and as of such date (except to the extent such representations and warranties speak as of an earlier date or as permitted by the Arrangement Agreement) and Sahara shall have provided to Mirage a certificate of two senior officers of Sahara certifying such accuracy on the Effective Date and Mirage shall have no knowledge to the contrary;
2. Sahara shall have complied in all material respects with its covenants in the Arrangement Agreement and shall have provided to Mirage a certificate of two senior officers of Sahara certifying that it has complied with such covenants and Mirage shall have no knowledge to the contrary;
3. no material adverse change shall occur in the assets, liabilities, affairs, operations, business or prospects of Sahara, taken as a whole, from and after the date of the Arrangement Agreement and prior to the Effective Date, and no material adverse change shall occur in the financial condition of Sahara, taken as a whole,

from and after the date of the Arrangement Agreement and prior to the Effective Date from that reflected in the Sahara Financial Statements;

4. no act, action, suit, proceeding, objection or opposition shall have been threatened or taken before or by any Governmental Authority, by any elected or appointed public official or private Person in Canada or elsewhere, whether or not having the force of law and no law, regulation, policy, judgment, decision, order, ruling or directive (whether or not having the force of law) shall have been proposed, enacted, promulgated, amended or applied, which in the sole judgment of Mirage, acting reasonably, in either case has had or, if the Arrangement was consummated, would result in a material adverse change in the affairs, operations or business of Mirage or Sahara or would have a material adverse effect on the ability of the parties to complete the Arrangement;
5. Mirage and Sahara shall have obtained all consents, waivers, permissions and approvals necessary to complete the Arrangement by or from relevant third parties, on terms and conditions satisfactory to Sahara, acting reasonably, including, without limitation, the Third Party Approvals;
6. Sahara shall have furnished Mirage with certified copies of the resolutions duly passed by its board of directors approving the Arrangement Agreement and the consummation of the transactions contemplated thereby;
7. Sahara shall have received the conditional approval of the TSXV for the listing of the Sahara Shares to be issued pursuant to the Arrangement and the Sahara Shares to be issued pursuant to the assumption by Sahara of Mirage's obligations pursuant to the Mirage Debentures;
8. on or prior to the Effective Date Sahara shall have executed such documents and taken such action as is necessary to assume Mirage's obligations pursuant to the Mirage Debentures and the Mirage Warrants such that after the Effective Date the Mirage Debentures and the Mirage Warrants will be convertible or exercisable, as applicable, into securities of Sahara;
9. on or prior to the Effective Date Sahara shall have executed such documents and taken such action as is necessary to assume Mirage's obligations to incur or renounce to investors Canadian exploration expense and Canadian development expense, each as defined under the *Income Tax Act* (Canada), pursuant to flow-through subscription agreements to which Mirage is a party; and
10. the Effective Date shall have occurred on or prior to April 15, 2008.

The foregoing conditions are for the exclusive benefit of Mirage and may be waived, in whole or in part, by Mirage on written notice to Sahara at any time.

Satisfaction or Waiver of Conditions

Upon all of the conditions being satisfied or waived, Mirage is required to seek and obtain the Final Order and then file a copy of the Final Order and the Articles of Arrangement with the Registrar in order to give effect to the Arrangement.

Notwithstanding the foregoing, the Arrangement Resolution authorizes the Board of Directors, without further notice to or approval of the Shareholders and subject to the terms of the Arrangement Agreement, to amend the Arrangement Agreement, to decide not to proceed with the Arrangement and to revoke such Arrangement Resolution at any time prior to the Arrangement becoming effective pursuant to the provisions of the ABCA. See **Appendix "C"** to this Information Circular for the full text of the Arrangement Resolution.

Amendment to and Termination of Arrangement Agreement

The Arrangement Agreement may, at any time and from time to time before or after the holding of the Meeting, be amended by written agreement of Mirage and Sahara without, subject to Applicable Laws, further notice to or

authorization on the part of the Shareholders, provided that, notwithstanding the foregoing, the consideration which the Shareholders shall have the right to receive on the Arrangement may not be reduced without the approval of the Shareholders given in the same manner as required for the approval of the Arrangement or as may be ordered by the Court.

The Arrangement Agreement may, prior to the filing of the Articles of Arrangement, be terminated by mutual written agreement of Sahara and Mirage.

Sahara may terminate the Arrangement Agreement upon notice to Mirage if: (i) the Interim Order has been refused or has been granted in form or substance not satisfactory to Sahara, acting reasonably, or has not been granted on or prior to March 15, 2008 or, if issued, has been set aside or modified in a manner unacceptable to Sahara, acting reasonably, on appeal or otherwise; (ii) the Arrangement is not approved by the Shareholders in accordance with the terms of the Interim Order on or before April 15, 2008; (iii) the Final Order has not been granted in form and substance satisfactory to Sahara, acting reasonably, on or before April 15, 2008 or, if granted, has been set aside or modified in a manner unacceptable to Sahara, acting reasonably, on appeal or otherwise; (iv) a court of competent jurisdiction or a governmental, regulatory or administrative agency or commission shall have issued an order, decree or ruling or taken any other action permanently restraining, enjoining or otherwise prohibiting any of the transactions contemplated by the Arrangement Agreement and such order, decree, ruling or other action shall have become final and non-appealable, provided that the party seeking to terminate the Arrangement Agreement pursuant thereto shall have used all commercially reasonable efforts to remove such order, decree, ruling or injunction; or (vi) upon any other circumstances under the Arrangement Agreement that give rise to a right of termination thereof by Sahara, including non-satisfaction of the mutual conditions precedent and the conditions precedent for the benefit of Sahara contained therein.

Mirage may terminate the Arrangement Agreement upon notice to Sahara if: (i) the Interim Order has been refused or has been granted in form or substance not satisfactory to Mirage, acting reasonably, or has not been granted on or prior to March 15, 2008 or, if issued, has been set aside or modified in a manner unacceptable to Mirage, acting reasonably, on appeal or otherwise; (ii) the Arrangement is not approved by the Shareholders in accordance with the terms of the Interim Order on or before April 15, 2008; (iii) the Final Order has not been granted in form and substance satisfactory to Mirage, acting reasonably, on or before April 15, 2008 or, if issued, has been set aside or modified in a manner unacceptable to Mirage, acting reasonably, on appeal or otherwise; (iv) a court of competent jurisdiction or a governmental, regulatory or administrative agency or commission shall have issued an order, decree or ruling or taken any other action permanently restraining, enjoining or otherwise prohibiting any of the transactions contemplated by the Arrangement Agreement and such order, decree, ruling or other action shall have become final and non-appealable, provided that the party seeking to terminate the Arrangement Agreement pursuant thereto shall have used all commercially reasonable efforts to remove such order, decree, ruling or injunction; or (vi) upon any other circumstances under the Arrangement Agreement that give rise to a right of termination thereof by Mirage, including non-satisfaction of the mutual conditions precedent and the conditions precedent for the benefit of Mirage contained therein.

For a description of the effect of any termination of the Arrangement Agreement, see Article 7 of the Arrangement Agreement, which agreement is attached to this Information Circular as **Appendix "A"**.

Acknowledgement of Required Ratification and Approval

All of the directors of Mirage are also directors of Sahara and cannot vote to approve the Arrangement or the Arrangement Agreement pursuant to the provisions of the ABCA. As such the entering into of the Arrangement Agreement by Mirage is required to be ratified and approved by the Mirage Shareholders. Notwithstanding any other provision of the Arrangement Agreement, Sahara has acknowledged that until such time as the Arrangement Agreement is ratified and approved by the Mirage Shareholders in accordance with the terms of the Interim Order the obligations of Mirage pursuant to the Arrangement Agreement will not be binding and enforceable against Mirage and if such ratification and approval by the Mirage Shareholders is not received, Sahara has agreed that it will not take any action against Mirage to enforce its obligations pursuant to the Arrangement Agreement.

PROCEDURE FOR THE ARRANGEMENT TO BECOME EFFECTIVE

Procedural Steps

The Arrangement is proposed to be carried out pursuant to section 193 of the ABCA. The following procedural steps must be taken in order for the Arrangement to become effective:

1. the Arrangement must be approved by the Shareholders in the manner set forth in the Interim Order;
2. the Court must grant the Final Order;
3. all conditions precedent to the Arrangement, as set forth in the Arrangement Agreement, must be satisfied or waived by the appropriate party; and
4. the Final Order and Articles of Arrangement in the form prescribed by the ABCA must be filed with the Registrar.

Shareholder Approval

Pursuant to the terms of the Interim Order, the Arrangement Resolution must, subject to further order of the Court, be approved by at least 66 $\frac{2}{3}$ % of the votes cast by the Shareholders present in person or by proxy at the Meeting.

Notwithstanding the foregoing, the Arrangement Resolution authorizes the Board of Directors, without further notice to or approval of the Shareholders, subject to the terms of the Arrangement Agreement, to amend the Arrangement Agreement or to decide not to proceed with the Arrangement at any time prior to the Arrangement becoming effective pursuant to the provisions of the ABCA. See **Appendix "C"** to this Information Circular for the full text of the Arrangement Resolution.

Court Approval

On February 28, 2008, Mirage obtained the Interim Order providing for the calling and holding of the Meeting and other procedural matters. The Interim Order is attached as **Appendix "B"** to this Information Circular.

Subject to the terms of the Arrangement Agreement, and provided that the Arrangement Resolution is approved at the Meeting, Mirage will make application to the Court for the Final Order at the Court House, 601 – 5th Street S.W., Calgary, Alberta on March 28, 2008, at 1:00 p.m. (Calgary time) or as soon thereafter as counsel may be heard. The Notice of Petition for the Final Order accompanies this Information Circular. Any Shareholder or any other interested party desiring to appear at the hearing is required to file with the Court and serve upon Mirage, on or before 12:00 noon (Calgary time) on March 21, 2008, a notice of its intention to appear, including an address for service in Calgary, Alberta (or alternatively, a facsimile number for service by telecopy), together with any evidence or materials which are to be presented to the Court. Service on Mirage is to be effected by delivery to the solicitors for Mirage at Burnet Duckworth & Palmer LLP, 1400, 350-7th Ave S.W., Calgary, Alberta T2P 3N9, Attention: Shannon Wray.

Mirage has been advised by its counsel that the Court has broad discretion under the ABCA when making orders with respect to the Arrangement and that the Court, in hearing the application for the Final Order, will consider, among other things, the fairness of the Arrangement to the Shareholders and any other interested party as the Court determines appropriate. The Court may approve the Arrangement either as proposed or as amended in any manner the Court may direct, subject to compliance with such terms and conditions, if any, as the Court may determine appropriate. Either Mirage or Sahara may determine not to proceed with the Arrangement in the event that any amendment ordered by the Court is not satisfactory to it, acting reasonably.

The Sahara Shares to be issued pursuant to the Arrangement have not been and will not be registered under the U.S. Securities Act, and are being issued in reliance upon the exemption from registration provided by Section 3(a)(10) of the U.S. Securities Act. The Court has been advised prior to the hearing of the application for the Final Order that

if the terms and conditions of the Arrangement are approved by the Court, the Sahara Shares issued pursuant to the Arrangement will not require registration under the U.S. Securities Act.

Securities Law Matters

Canada

All Sahara Shares to be issued under the Arrangement will be issued in reliance on exemptions from registration and prospectus requirements of applicable Canadian securities laws. The Sahara Shares will generally be freely tradable (other than as a result of any control block restrictions which may arise by virtue of the ownership thereof) under applicable securities laws of the provinces of Canada.

United States

The Sahara Shares to be issued pursuant to the Arrangement have not been and will not be registered under the U.S. Securities Act, and are being issued in reliance upon the exemption from registration provided by Section 3(a)(10) of the U.S. Securities Act. Under SEC rules, such Sahara Shares may be resold without restriction by all Shareholders who are not "affiliates" of Sahara after the Arrangement. An "affiliate" of an issuer is a Person that directly, or indirectly through one or more intermediaries, controls or is controlled by, or is under common control with, such issuer, whether through the ownership of voting securities, by contract, or otherwise, and generally include executive officers and directors of the issuer as well as principal shareholders of the issuer. Under SEC rules, Shareholders who will be affiliates of Sahara after the Arrangement, are subject to resale restrictions under the U.S. Securities Act and may not resell the Sahara Shares in the United States in the absence of an exemption from registration under the U.S. Securities Act, and may resell the Sahara Shares outside the United States only pursuant to such an exemption or pursuant to the provisions of Regulation S under the U.S. Securities Act. See also "Information for United States Shareholders" and "Resale of Sahara Shares". Shareholders are urged to consult their legal advisors to determine the extent of all applicable resale provisions.

Judicial Developments

The Plan of Arrangement will be implemented pursuant to section 193 of the ABCA, which provides that, where impractical for a corporation to effect an arrangement under any other provisions of the ABCA, a corporation may apply to the Court for an order approving the arrangement proposed by such corporation. Pursuant to this section of the ABCA, such an application will be made by Mirage for approval of the Arrangement. See "Procedure for the Arrangement to Become Effective – Court Approval" above. Although there have been a number of judicial decisions concerning this section and applications to various arrangements, there have not been, to the knowledge of Mirage, any recent significant decisions which would apply in this instance. Shareholders should consult their legal advisors with respect to the legal rights available to them in relation to the Arrangement.

Fractional Sahara Shares

No fractional Sahara Shares will be issued to registered Shareholders.

Timing

Subject to all conditions precedent to the Arrangement as set forth in the Arrangement Agreement being satisfied or waived by the appropriate party, the Arrangement will become effective upon the Effective Date. If the Meeting is held and the Arrangement Resolution is approved by the Shareholders as required by the Interim Order, Mirage will apply to the Court for the Final Order approving the Arrangement. If the Final Order is obtained on March 28, 2008 in form and substance satisfactory to Mirage and Sahara, and all other conditions specified in the Arrangement Agreement are satisfied or waived, Mirage and Sahara expect the Effective Date will be March 31, 2008.

The Effective Date could be delayed, however, for a number of reasons, including an objection before the Court in the hearing of the application for the Final Order.

Consideration

The Arrangement Agreement provides for the implementation of the Plan of Arrangement pursuant to which, on the Effective Date, each issued and outstanding Mirage Share, other than those held by Dissenting Shareholders, shall be deemed to be transferred to Sahara in exchange for the Share Consideration.

Expenses of the Arrangement

The estimated costs to be incurred by Mirage and Sahara in connection with the Arrangement and related matters, including, without limitation, financial advisory, accounting and legal fees and the preparation, printing and mailing of this Information Circular and other related documents and agreements, are expected to aggregate approximately \$200,000.

Exchange of Mirage Debentures and Warrants

All of Mirage's obligations pursuant to the Mirage Debentures and Mirage Warrants will be convertible or exercisable, as applicable, into securities of Sahara without the need or necessity for the holders of such securities to take any action.

Stock Exchange Listing Approvals

It is a mutual condition to completion of the Arrangement that the TSXV shall have conditionally approved the listing of the Sahara Shares to be issued pursuant to the Arrangement and the Mirage Debentures and the Mirage Warrants as assumed by Sahara pursuant to the Arrangement, subject only to the filing of required documents which cannot be filed prior to the Effective Date.

Exchange of Certificates Pursuant to the Arrangement

A form of Letter of Transmittal containing instructions with respect to the surrender of certificates representing Mirage Shares is enclosed with this Information Circular for use by registered Shareholders (other than Dissenting Shareholders) in exchanging their certificates for Share Consideration. Upon completion of the Arrangement and upon surrender of a properly completed Letter of Transmittal together with certificates representing Mirage Shares to the Depository and any other documents the Depository reasonably requires, certificates representing Sahara Shares will be issued and delivered to each such former Shareholder.

Pursuant to the terms of the Plan of Arrangement, any certificates formerly representing Mirage Shares that are not deposited with the Depository together with a duly completed Letter of Transmittal and any other documents the Depository reasonably requires on or before the fourth anniversary of the Effective Date shall cease to represent a right or claim of any kind or nature and the right of the holder of such Mirage Shares to receive consideration therefor under the Arrangement shall be deemed to be surrendered to Sahara together with all dividends, distributions and interest thereon held for such holder.

Shareholders whose Mirage Shares are registered in the name of a broker, investment dealer, bank, trust company or other nominee should contact that nominee for assistance in depositing those shares.

Any use of the mail to transmit certificates representing Mirage Shares and Letters of Transmittal is at the risk of the Shareholders. If such documents are mailed, it is recommended that registered mail, with return receipt requested, properly insured, be used. If the Arrangement is not proceeded with, all certificates representing Mirage Shares received by the Depository will be returned to the Shareholders.

Dissenting Shareholders who ultimately are not entitled to be paid the fair value of their Mirage Shares will be entitled to receive Share Consideration under the Arrangement.

If a certificate representing Mirage Shares has been lost, apparently destroyed or wrongfully taken, the holder of such Mirage Shares should immediately contact the Depository so that arrangements can be made to issue a

replacement share certificate to such holder upon such holder satisfying such reasonable requirements as may be imposed by the Depository or Mirage in this regard.

EFFECT OF THE ARRANGEMENT UPON SHAREHOLDERS

Upon completion of the Arrangement, Mirage will be a wholly-owned Subsidiary of Sahara and former Shareholders, other than Dissenting Shareholders, will be holders of Sahara Shares.

There are currently 26,807,792 Mirage Shares, 2,260,000 Mirage Options, 24,058,406 Sahara Shares and 2,440,000 Options outstanding. Each Mirage Optionholder has agreed to, prior to the Effective Time, cancel and surrender to Mirage any unexercised Mirage Options. Assuming that the Arrangement proceeds, 13,403,896 Sahara Shares will be issued to the Shareholders (other than Dissenting Shareholders) pursuant to the Arrangement. As a result, there will be approximately 37,462,302 Sahara Shares issued and outstanding immediately following completion of the Arrangement. The 13,403,896 Sahara Shares then held by former Shareholders immediately following completion of the Arrangement will represent approximately 35.2% of the then outstanding Sahara Shares. See "Effect of the Arrangement upon the Shareholders".

Additionally, upon completion of the Arrangement, Sahara will assume all of the covenants and obligations of Mirage under the Mirage Debentures and the Mirage Warrants. Holders of Mirage Debentures will be entitled to receive Sahara Shares and warrants to purchase Sahara Shares upon conversion of such Mirage Debentures subsequent to the Effective Date, subject to adjustments as per the terms of the certificates representing such Mirage Debentures. Holders of Mirage Warrants will be entitled to receive Sahara Shares upon exercise of such Mirage Warrants subsequent to the Effective Date, subject to adjustments as per the terms of the certificates representing such Mirage Warrants. For further information see "Pro Forma Information about Sahara after Giving Effect to the Arrangement – Pro Forma Consolidated Capitalization" in this Information Circular.

INTENTIONS OF CERTAIN SECURITYHOLDERS

All of the directors, officers and insiders of Mirage intend to vote the Mirage Shares (approximately 3,953,500 Mirage Shares in the aggregate, representing approximately 14.7% of the issued and outstanding Mirage Shares) in favour of the Arrangement and to surrender for cancellation prior to the Effective Time an aggregate of 2,260,000 Mirage Options held by the directors, officers and insiders of Mirage without the payment of any consideration and to otherwise support the Arrangement.

INTERESTS OF DIRECTORS AND OFFICERS OF MIRAGE IN THE ARRANGEMENT

The directors and officers of Mirage, as a group, hold 3,953,500 Mirage Shares representing 14.7% of the outstanding Mirage Shares. In addition, the directors and officers of Mirage are also directors and officers of Sahara and as a group hold 5,722,238 Sahara Shares representing 23.8% of the outstanding Sahara Shares. See "Procedure for the Arrangement to Become Effective – Shareholder Approval" and "Intentions of Certain Securityholders".

Other than as described above and elsewhere in this Information Circular, to the knowledge of the directors and executive officers of Mirage, there are no material interests of any director or executive officer of Mirage or anyone who held office as such since the commencement of the last completed financial year of Mirage, or of any associate or affiliate of any of the foregoing, in the Arrangement.

INTERESTS OF EXPERTS

Certain legal matters relating to the Arrangement will be passed upon by Burnet, Duckworth & Palmer LLP on behalf of Mirage and Sahara. As at the date hereof, the partners and associates of Burnet, Duckworth & Palmer LLP, as a group, own, directly or indirectly, less than 1% of the Mirage Shares and the partners and associates of Burnet, Duckworth & Palmer LLP, as a group, own, directly or indirectly, less than 1% of the Sahara Shares.

To Mirage's knowledge, no registered or beneficial interests, direct or indirect, in any securities or other property of Mirage or of one of Mirage's associates or affiliates (i) were held by DeGolyer, when DeGolyer prepared the report,

valuation, statement or opinion in question, (ii) were received by DeGolyer after DeGolyer prepared the report, valuation, statement or opinion in question, or (iii) is to be received by DeGolyer.

Neither Mackay LLP or DeGolyer, nor any director, officer or employee of Mackay LLP or DeGolyer is or is expected to be elected, appointed or employed as a director, officer or employee of Mirage or of any associate or affiliate of Mirage.

Mackay LLP is independent of Mirage within the meaning of the Rules of Professional Conduct of the Institute of Chartered Accountants of Alberta.

RISK FACTORS

Upon the completion of the Arrangement, Shareholders who elect to receive Share Consideration in respect of some or all of their Mirage Shares will receive Sahara Shares. An investment in the Sahara Shares would be subject to certain risks. Shareholders should carefully consider the risks described under the heading "Risk Factors" in **Appendix "H"** – "Information Concerning Sahara" to this Information Circular.

RESALE OF SAHARA SHARES

Canada

The Sahara Shares to be issued to the Shareholders pursuant to the Arrangement will be issued in reliance on exemptions from prospectus and registration requirements of applicable securities laws of the various applicable provinces in Canada and will generally be freely tradable (and not subject to any restricted period or hold period) if the following conditions are met: (i) the trade is not a "control distribution" (as defined in applicable securities legislation); (ii) no unusual effort is made to prepare the market or to create a demand for the securities that are the subject of the trade; (iii) no extraordinary commission or consideration is paid to a Person or company in respect of the trade; and (iv) if the selling shareholder is an insider or an officer of Sahara, the selling shareholder has no reasonable grounds to believe that Sahara is in default of securities legislation. **Shareholders are urged to consult their legal advisors to determine the extent of all applicable resale provisions.**

United States

The offer and sale of the Sahara Shares to be issued to Shareholders in exchange for their Mirage Shares under the Arrangement have not been and will not be registered under the U.S. Securities Act. Such securities will be issued in reliance upon the exemption from registration provided by Section 3(a)(10) of the U.S. Securities Act. Section 3(a)(10) exempts securities issued in exchange for one or more outstanding securities from the general requirement of registration where the terms and conditions of the issuance and exchange of such securities have been approved by any court of competent jurisdiction, after a hearing upon the fairness of the terms and conditions of the issuance and exchange at which all persons to whom the securities will be issued have the right to appear. The Court is authorized to conduct a hearing at which the fairness of the terms and conditions of the Arrangement will be considered. The Court granted the Interim Order on February 28, 2008 and, subject to the approval of the Arrangement by Shareholders, a hearing on the Arrangement will be held on March 28, 2008 by the Court. See "Procedure for the Arrangement Becoming Effective – Court Approval" above.

Under SEC rules in effect on the date hereof, the Sahara Shares to be issued to Shareholders will be freely tradable under U.S. federal securities laws, except by persons who will be "affiliates" of Sahara after the Arrangement. Persons who may be deemed to be "affiliates" of an issuer include individuals or entities that control, are controlled by, or are under common control with, the issuer, whether through the ownership of voting securities, by contract or otherwise, and generally include executive officers and directors of the issuer as well as principal shareholders of the issuer. Resales of Sahara Shares by such affiliates of Sahara will be subject to the resale restrictions under Rule 144 normally applicable to affiliates of public companies in the United States.

The foregoing discussion is only a general overview of certain requirements of United States securities laws applicable to the Sahara Shares received upon completion of the Arrangement. **All holders of such securities are**

urged to consult with counsel to ensure that the resale of their securities complies with applicable securities legislation.

CERTAIN CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

In the opinion of Burnet, Duckworth & Palmer LLP, counsel to Sahara and Mirage, the following summary fairly describes, as at the date hereof, the principal Canadian federal income tax consequences of the Arrangement to Mirage Shareholders who hold their Mirage Shares as capital property for the purposes of the Tax Act and who deal at arm's length with and are not affiliated with Sahara and following completion of the Arrangement will not, either alone or together with any person or persons with whom the holder does not deal at arm's length, control Sahara or beneficially own shares of Sahara having a fair market value in excess of 50% of the fair market value of all outstanding Sahara Shares.

Generally, Mirage Shares will be considered to be held as capital property by a Shareholder provided the Shareholder does not hold such Mirage Shares in the course of carrying on a business of buying and selling securities and has not acquired them in one or more transactions considered to be an adventure in the nature of trade. In circumstances where Mirage Shares may not otherwise constitute capital property to a particular holder who is resident in Canada, such holder may be entitled to make an irrevocable election under subsection 39(4) of the Tax Act such that the holder's Mirage Shares and all Canadian Securities (as defined in the Tax Act) will be treated as capital property.

This summary is not applicable to a Shareholder that is a financial institution or a specified financial institution or to a Shareholder an interest in which would be a tax shelter, all as defined in the Tax Act. Any such Shareholder should consult its own tax advisors with respect to the Plan of Arrangement.

This summary is based upon the facts set out in the Information Circular, the provisions of the Tax Act, the regulations thereunder in force on the date hereof (the "**Regulations**"), all published proposals from the Government of Canada to enact specific amendments to the Tax Act or to the Regulations that have been announced to the date hereof (the "**Proposed Amendments**") and counsel's understanding of the current published administrative and assessing practices of the Canada Revenue Agency ("**CRA**"). This summary does not otherwise take into account or anticipate changes in the law, whether by legislative, regulatory or judicial action, including changes to the Tax Act, the Regulations or changes in the administrative practice of CRA. This summary is not exhaustive of all possible Canadian federal income tax considerations, and except for the Proposed Amendments does not take into account any changes in laws, and does not take into account provincial, territorial or foreign tax considerations, which may differ significantly from those discussed herein.

This summary provides general information only. It is not intended to be, nor should it be construed to be, legal or tax advice or representations to any particular Shareholder. Accordingly, Shareholders are advised to consult their tax advisors to determine the tax consequences to them of the Arrangement in their own particular circumstances.

Residents of Canada

The following portion of this summary is applicable only to Shareholders who are, or are deemed to be, residents of Canada for the purposes of the Tax Act and any relevant bilateral tax treaty.

Mirage Shareholders who do not choose to recognize a capital gain or capital loss on the exchange of Mirage Shares under the Arrangement, will be deemed to have disposed of their Mirage Shares for proceeds of disposition equal to the adjusted cost base of those shares immediately before the exchange, and to have acquired the Sahara Shares received on the exchange at a cost equal to that adjusted cost base.

A Shareholder may choose to recognize a capital gain or capital loss on the exchange of Mirage Shares for Sahara Shares by reporting the capital gain (or loss) in his or her tax return for the taxation year in which the exchange occurs. Such capital gain (or capital loss) will be the amount by which the fair market value of the Sahara Shares received on the exchange exceeds (or is exceeded by) the total adjusted cost base of the Mirage Shares exchanged

and any reasonable costs associated with the disposition. The cost of the Sahara Shares received by such Shareholder will be equal to the fair market value thereof and must generally be averaged with the adjusted cost base of all other Sahara Shares held by the holder as capital property for the purposes of determining the adjusted cost base of each of the Sahara Shares held by such holder.

One half of any capital gain recognized on the disposition of Mirage Shares must be included in computing income as a taxable capital gain in the shareholder's taxation year in which the disposition takes place, while one half of any capital loss must be deducted from taxable capital gains realized in that taxation year and any undeducted balance may be deducted against taxable capital gains of the three preceding taxation years, or any subsequent year, to the extent and under circumstances described in the Tax Act. Notwithstanding the foregoing, 80% of any recognized capital gain (as opposed to one-half) will be included in computing an individual Mirage Shareholder's "adjusted taxable income" for purposes of determining liability, if any, for minimum tax. A "Canadian-controlled private corporation" (as defined in the Tax Act) may be liable to pay an additional 6 2/3% refundable tax on certain investment income, including taxable capital gains.

Non-Residents of Canada

The following portion of this summary is applicable only to Shareholders who are not, and will not be, resident nor deemed to be resident in Canada for the purposes of the Tax Act or any relevant bilateral tax treaty at any time while they hold Mirage Shares and who do not use or hold and are not deemed to use or hold their Mirage Shares in connection with carrying on a business in Canada ("**Non-Resident Shareholders**"). Special rules apply to non-resident insurers that carry on an insurance business in Canada and elsewhere. This summary does not take these rules into account and such Shareholders should consult their own tax advisors.

Non-Resident Shareholders will generally not be subject to taxation in Canada, unless the Mirage Shares are considered to be "taxable Canadian property" of the Shareholder. Mirage Shares will be "taxable Canadian property" to a Non-Resident Shareholder if, at any time during the 60-month period that ends at the Effective Time, such holder, together with persons with whom such holder did not deal at arm's length, owned 25% or more of the issued shares of any class of capital stock of Mirage. Sahara will withhold 25% of the proceeds of a Non-Resident Shareholders whose Mirage Shares are considered to be "taxable Canadian property", and remit such amount to the Canada Revenue Agency, unless such Shareholder delivers a certificate pursuant to section 116 of the Tax Act within the time specified in the Tax Act. Non-Resident Shareholders whose Mirage Shares are considered to be "taxable Canadian property" should consult their own tax advisors.

Dissenting Shareholders

Canadian Resident Shareholders who dissent from the Arrangement should recognize a capital gain (or capital loss) to the extent that the proceeds of disposition (excluding the portion thereof which represents a payment of interest) exceed (or are less than) the adjusted cost base of the Mirage Shares to such Shareholder immediately before payment of the fair market value of the Mirage Shares. The tax treatment of such capital gain (or loss) will be similar to the treatment of capital gains described above in "Residents of Canada". Any interest awarded by a court to a dissenting Shareholder, will be included in such Shareholder's income for income tax purposes.

Non-Resident Shareholders who dissent from the Arrangement, will not be subject to taxation in Canada with respect to the disposition of Mirage Shares unless such Shares constitute "taxable Canadian property", as defined in the Tax Act. For a discussion of when a Mirage Share will constitute "taxable Canadian property", see "Non-Residents of Canada" above. Any interest awarded by a court to a dissenting Non-Resident Shareholder will not generally be subject to taxation in Canada.

Non-Canadian Income Tax Considerations

This Information Circular does not contain a summary of the non-Canadian income tax consequences of the Arrangement on Shareholders who are subject to income tax outside of Canada. **Such holders should consult their tax advisors with respect to the tax implications of the Arrangement, including any associated filing requirements, in such jurisdictions.**

RIGHT OF DISSENT

The following description of the right of a Dissenting Shareholder is not a comprehensive statement of the procedures to be followed by a Dissenting Shareholder who seeks payment of the fair value of such holder's Mirage Shares and is qualified in its entirety by reference to the full text of the Interim Order and section 191 of the ABCA, as modified and supplemented, which are attached to this Information Circular as Appendices "B" and "E", respectively. A registered Shareholder who intends to exercise the right of dissent should carefully consider and comply with the provisions of section 191 of the ABCA, as modified and supplemented by the Interim Order. Failure to strictly comply with the provisions of that section, as modified and supplemented by the Interim Order, and to adhere to the procedures established therein may result in the loss of all rights thereunder.

The Court hearing the application for the Final Order has the discretion to alter the rights of dissent described herein based on the evidence presented at such hearing.

Pursuant to the Interim Order, a registered Shareholder is entitled, in addition to any other right such holder may have, to dissent and to be paid by Sahara the fair value of the Mirage Shares held by such holder in respect of which such holder dissents, determined as of the close of business on the last Business Day before the day on which the resolution or order from which such holder dissents was adopted. A registered Shareholder may dissent only with respect to all of the Mirage Shares held by such holder on behalf of any one beneficial owner and registered in the Dissenting Shareholder's name. **Only registered Shareholders may dissent. Persons who are beneficial owners of Mirage Shares registered in the name of a broker, custodian, nominee or other intermediary who wish to dissent should be aware that they may only do so through the registered owner of such securities. A registered Shareholder, such as a broker, who holds Mirage Shares as nominee for beneficial holders, some of whom wish to dissent, must exercise dissent rights on behalf of such beneficial owners with respect to the Mirage Shares held for such beneficial owners. In such case, the demand for dissent should set forth the number of Mirage Shares covered by it.**

Notwithstanding subsection 191(5) of the ABCA, a Dissenting Shareholder must send to Mirage a written objection to the Arrangement Resolution, which written objection must be received by Mirage c/o Burnet Duckworth & Palmer LLP, 1400, 350 – 7th Ave S.W., Calgary, Alberta T2P 43N9, Attention: Shannon Wray, by no later than 4:00 p.m. (Calgary time) on the Business Day prior to the Meeting. A Shareholder wishing to exercise the right to dissent shall not vote such holder's Mirage Shares at the Meeting, either by the submission of a proxy or by personally voting, in favour of the Arrangement Resolution. A vote against the Arrangement Resolution or an abstention does not constitute a written objection.

If the Arrangement Resolution is approved, Sahara or the Dissenting Shareholder, where the Dissenting Shareholder has sent the required written objection, may apply to the Court to fix the fair value of the Dissenting Shareholder's Mirage Shares. If the application is made, unless the Court otherwise orders, Sahara is required to send to each Dissenting Shareholder a written offer to pay such shareholder an amount considered by the directors of Sahara to be the fair value of the Dissenting Shareholder's Mirage Shares. The offer sent to each Dissenting Shareholder must be on the same terms and contain or be accompanied by a statement showing how the fair value was determined. Unless the Court otherwise orders, such an offer must be sent to each Dissenting Shareholder at least 10 days before the date on which the application is returnable, if Sahara is the applicant, or within 10 days after Sahara is served with a copy of the originating notice making the application, if the Dissenting Shareholder is the applicant.

A Dissenting Shareholder may make an agreement with Sahara for the purchase of the Dissenting Shareholder's Mirage Shares in the amount of the offer made by Sahara or otherwise at any time before the Court pronounces an order fixing the fair value for such Mirage Shares.

The Court must make an order fixing the fair value of the Mirage Shares of all Dissenting Shareholders who are parties to the application, giving judgment in that amount against Sahara and in favour of each such Dissenting Shareholder, and fixing the time within which Sahara must pay such amount to such Dissenting Shareholders.

The Court may in its discretion allow a reasonable rate of interest on the amount payable to each Dissenting Shareholder from the date on which the Dissenting Shareholder ceases to have any rights as a shareholder until the

date of payment. A Dissenting Shareholder is not required to give security for costs in respect of an application to the Court to fix the fair value of such Dissenting Shareholder's Mirage Shares and, except in special circumstances, shall not be required to pay the costs of the application or appraisal.

A Dissenting Shareholder ceases to have any rights as a securityholder, other than the right to be paid the fair value of its Mirage Shares in the amount agreed to with Sahara or in the amount of the judgment, on the earliest of (i) the Effective Date, (ii) the date of the making of an agreement between the Dissenting Shareholder and Sahara as to the payment for the Dissenting Shareholder's Mirage Shares, and (iii) the date of the pronouncement of the order fixing the fair value of the Mirage Shares. Until any of the foregoing events occurs, a Dissenting Shareholder may withdraw such dissent, or Sahara may rescind the resolution in question, and in either event, proceedings under section 191 of the ABCA shall be discontinued.

Sahara shall not make a payment to a Dissenting Shareholder under section 191 of the ABCA if there are reasonable grounds for believing that it is or would after the payment be unable to pay its liabilities as they become due, or that the realizable value of its assets would thereby be less than the aggregate of its liabilities. In such event, Sahara shall notify each Dissenting Shareholder within 10 days after the pronouncement of the Court or the making of an agreement with respect to the payment to be made for such shareholder's Mirage Shares, that it is unable to lawfully pay Dissenting Shareholders for their Mirage Shares, in which case the Dissenting Shareholders may, by written notice to Sahara within 30 days after receipt of such notice, withdraw their dissent, in which case such Dissenting Shareholders shall be deemed to have participated in the Arrangement.

All Mirage Shares held by Shareholders who exercise their rights of dissent and are ultimately entitled to be paid fair value for their Mirage Shares will be deemed to be transferred to Sahara and cancelled in exchange for payment of fair value at the Effective Time or will, if such Shareholders ultimately are not so entitled to be paid the fair value thereof, be deemed to be transferred to Sahara in exchange for Sahara Shares on the same basis as all other Shareholders pursuant to the Arrangement.

In no case shall Mirage, Sahara or any other Person be required to recognize a Dissenting Shareholder as a holder of Mirage Shares after the Effective Time and the name of such Dissenting Shareholder shall be deleted from the register of holders of Mirage Shares at the Effective Time.

The Arrangement Agreement provides that it is a condition to the Arrangement that holders of not greater than 5% of the Mirage Shares shall have exercised rights of dissent in respect of the Arrangement that have not been withdrawn as at the Effective Date. See "The Arrangement Agreement – Conditions to the Arrangement".

INFORMATION CONCERNING MIRAGE

Mirage is a corporation amalgamated under the ABCA and engaged in the exploration for, and the acquisition, development and production of, crude oil, natural gas and NGLs reserves in western Canada. Mirage is a reporting issuer in British Columbia and Alberta and the Mirage Shares are listed for trading on the TSXV. Mirage's head office and registered office are located at 800, 510 – 5th Street S.W., Calgary, Alberta T2P 3S2. For information on Mirage, please see Mirage's continuous disclosure documents as filed on SEDAR at www.sedar.com.

INFORMATION CONCERNING SAHARA

For information on Sahara, please refer to **Appendix "F"** – "Information Concerning Sahara" and **Appendix "G"** – "Pro Forma Consolidated Financial Statements of Sahara".

PRO FORMA INFORMATION ABOUT SAHARA AFTER GIVING EFFECT TO ARRANGEMENT

Selected Pro Forma Financial Information After Giving Effect to the Arrangement

The following table sets out certain pro forma financial information of Mirage and Sahara as at and for the year ended December 31, 2006 and as at and for the nine months ended September 30, 2007 after giving effect to the Arrangement.

The information provided below is qualified in its entirety by the unaudited pro forma consolidated financial statements attached as Appendix "G" hereto. Reference should be made to those financial statements as well as to the annual and interim financial statements of Sahara and Mirage, which are incorporated by reference in this Information Circular, which are available on SEDAR at www.sedar.com.

	As at and for the Year Ended December 31, 2006		As at and for the Year Ended December 31, 2006	As at and for the Period Ended September 30, 2007
	Mirage ⁽²⁾	Sahara ⁽³⁾	Pro Forma After Giving Effect to the Arrangement ⁽⁴⁾	Pro Forma After Giving Effect to the Arrangement
Petroleum and Natural Gas Revenue	197,306	818,571	1,015,877	2,707,481
Net Earnings (Loss)	(782,649)	(1,604,635)	(2,387,284)	(3,253,712)
Per Share (Basic)	(0.09)	(0.11)	(0.07)	(0.10)
Per Share (Diluted)	(0.09)	(0.11)	(0.07)	(0.10)
Total Assets	8,786,500	19,794,445	-	23,276,650
Total Liabilities	1,233,164	9,331,902	-	12,708,469
Working Capital (deficit) ⁽¹⁾	382,729	(1,288,913)	-	(2,702,494)
Shareholders' Equity	7,553,336	10,462,543	-	10,568,181

Notes:

- (1) Working capital is current assets net of current liabilities including bank debt and excluding unrealized financial instruments.
- (2) Derived from the annual and interim financial statements of Mirage incorporated herein by reference.
- (3) Derived from the annual and interim financial statements of Sahara, which are incorporated herein by reference.
- (4) Pro-forma balance sheet as at the year ended December 31, 2006 was not prepared.

Description of Principal Properties after Giving Effect to the Arrangement

The following is a pro forma description of Sahara's principal oil and natural gas properties and minor exploration properties as at December 31, 2007 giving effect to the Arrangement as if it was completed on January 1, 2007. Unless otherwise specified, gross, net acres, well count and production information are as at December 31, 2007.

Lloydminster, Alberta

The Lloydminster property is located near Lloydminster, Alberta. The Lloydminster property was producing approximately 38 BOE/d at the end of 2007, 100% of which was heavy oil, which represents approximately 20% of Sahara's 2007 exit production volumes. Sahara's property interests in Lloydminster consist of 100% working interests. Sahara operates 8 gross (8.0 net) wells associated with this property. Well depths average 633 metres in this area and target the Mannville formation. Production from the area is processed at a third party facility.

The Lloydminster property consists of 160 gross (160 net) hectares of developed land and 208 gross (208 net) hectares of undeveloped land.

For the year ended December 31, 2007, exploration and development activity on the Lloydminster property included the drilling of 1 gross (1 net) well and related completion to bring the well on-stream.

Buzzard – Saskatchewan

The Buzzard property is located approximately 100 kilometres south-east of Lloydminster, Saskatchewan. The Buzzard property was producing at approximately 74.9 BOE/d which is approximately 39% of Sahara's total production volumes in 2007, 100% of which was heavy oil. Sahara's interests in Buzzard consist of working interests ranging from 40% to 50% and averaging 42%. The property is non-operated; Sahara's interest includes 15 gross (6.2 net) wells associated with this property. Production from the area is processed at a third party facility.

The Buzzard property consists of 210.9 gross (108.68 net) hectares of developed land and no undeveloped land.

For the year ended December 31, 2007, exploration and development activity on the Buzzard property included the drilling of 3 gross (0.8 net) wells and related completions to bring the wells on-stream.

Minor Properties

Sahara also has a number of minor non-core properties located throughout Alberta and Saskatchewan. These properties account for approximately 15% of Sahara's current production. Sahara does not currently intend to focus a material amount of time on these properties.

At December 31, 2007, aggregate Sahara's acreage included 10,847.6 gross (3219 net) hectares of undeveloped land.

Disposed of Properties

In addition to the above properties, Sahara and Mirage had a 60% working interest in a property located in the Tangent area of Alberta. The Tangent property was producing at approximately 47.9 BOE/d, which was approximately 25% of Sahara and Mirage's combined total exit volumes in 2007, 90% of which was oil and 10% of which was natural gas. The Tangent property consisted of 256 gross (153.6 net) hectares of developed land and 256 gross (153.6 net) hectares of undeveloped land. Sahara and Mirage sold their respective interests in the Tangent area of Alberta on February 19, 2008. Sahara's interest was sold for approximately \$806,000, and Mirage's interest was sold for approximately \$762,000. In addition, Sahara and Mirage also sold a combined 30% interest in the section of Nikanassin rights in the Gold Creek area of Alberta for \$202,000. The portion sold in the Gold Creek area was shut-in for economic reasons and had no related production. The property sold in the Gold Creek area consisted of 256 gross (76.8) hectares of developed land and no hectares of undeveloped land. At Simonette, Alberta, Sahara and Mirage sold a 30 % working interest in a shut-in gas well, for \$800,000. The property sold at Simonette consisted of 256 gross (76.8 net) hectares of developed land and no undeveloped hectares.

Oil and Gas Wells

The following table sets forth the number and status of wells in which Sahara and Mirage had a working interest as at December 31, 2007. The gross and net numbers reflect giving effect to the acquisition of Mirage pursuant to the Arrangement.

	Oil Wells				Natural Gas Wells			
	Producing		Non-Producing		Producing		Non-Producing	
	Gross	Net	Gross	Net	Gross	Net	Gross	Net
Alberta	11	7.40	5	3.85	1	0.3	6	1.21
Saskatchewan	16	7.16	11	4.30	2	0.8	1	0.20
Total	27	14.56	16	8.15	3	1.1	7	1.41

Properties with no Attributable Reserves

The following table sets out the Sahara and Mirage's combined developed and undeveloped land holdings as at December 31, 2007.

	Developed Hectares		Undeveloped Hectares		Total Hectares	
	Gross	Net	Gross	Net	Gross	Net
Alberta	3424.4	866.70	10463.6	3084.6	13888.00	3951.3
Saskatchewan	1213.86	351.75	384.0	134.4	1597.86	486.15
Total	4638.26	1218.45	10847.6	3219.0	15485.86	4437.45

Sahara expects that rights to explore develop and/or exploit 244.59 net hectares of its undeveloped land holdings will expire by December 31, 2008. Sahara plans to farm-out or submit applications to continue selected portions of the above acreage.

Exploration and Development Activities

The following table sets forth the gross and net exploratory and development wells in which Sahara and Mirage participated in the year ended December 31, 2007. The gross and net numbers give effect to the Arrangement as if it was completed on January 1, 2007:

	Exploratory Wells		Development Wells	
	Gross	Net	Gross	Net
Natural Gas	1	0.12	0	0
Oil	0	0	7	3.4
Service	0	0	1	0.2
Dry	6	1.6	0	0
Total	7	1.72	8	3.6

Production History

The following tables summarize certain information in respect of Sahara and Mirage's combined production, product prices received, royalties paid, operating expenses and resulting netback for the periods indicated below giving effect to the Arrangement as if it was completed on January 1, 2007:

	Quarter Ended		
	2007		
	Sept. 30	June 30	Mar. 31
Average Daily Production ⁽¹⁾			
Heavy Oil , minor light oil (bbl/d)	200.06	177.80	194.30
Gas (Mcf/d)	141.87	152.97	142.74
Combined (BOE/d)	226.72	206.71	218.75
Average Price Received			
Heavy Oil , minor light oil (bbl/d)	53.01	45.00	41.60
Gas (\$/Mcf)	5.49	7.67	7.75
Combined (\$/BOE)	52.08	45.00	41.77
Royalties Paid			
Heavy Oil , minor light oil (bbl/d)	47.34	37.58	39.14
Gas (Mcf/d)	50.06	47.75	39.25
Combined (\$/BOE)	13.13	9.97	7.82
Operating Expenses (includes transport) (\$/BOE)			
Heavy oil, minor light oil and gas combined (\$/BOE)	31.09	35.78	26.65
Netback Received (\$/BOE) ⁽²⁾	7.86	(0.75)	7.30

Notes:

- (1) Before deduction of royalties.
- (2) Netbacks are calculated by subtracting royalties and operating costs from revenues.
- (3) Numbers for the quarter ended December 31, 2007 have not been prepared.

The following table indicates Sahara and Mirage's average daily production from its important fields for the year ended December 31, 2007 giving effect to the Arrangement as if it was completed on January 1, 2007:

	Crude Oil (bbl/d)	Gas (Mcf/d)	NGLS (bbl/d)	BOE (BOE/d)
Lloydminster	38.3	0	0	38.3
Tangent	36.9	66	0	47.9
Other Alberta	15.0	0	0.6	15.6
Buzzard	74.9	0	0	74.9
Other Saskatchewan	0	80.0	0	13.3
Total	165.1	146.0	0.6	190

Pro Forma Consolidated Capitalization

The consolidated capitalization of Sahara for each of the dates indicated below is as follows:

Security ⁽¹⁾	Mirage outstanding as at September 30, 2007	Mirage outstanding as at February 27, 2008	Sahara outstanding as at September 30, 2007	Sahara outstanding as at February 27, 2008 before giving effect to the Arrangement	Sahara outstanding as at February 27, 2008 after giving effect to the Arrangement
Common Shares	23,902,417 (\$5,953,125)	26,807,792 (\$6,180,555)	20,106,626 (\$9,271,098)	24,058,406 (\$9,598,970)	37,462,302 (\$13,372,429)
Preferred non voting shares	Nil	Nil	Nil	Nil	Nil
Debentures	\$567,000 principal amount ⁽³⁾	\$567,000 principal amount ⁽³⁾	\$1,300,000 principal amount ⁽⁴⁾	\$770,000 principal amount	\$1,337,000 principal amount ⁽⁵⁾
Warrants	691,085 ⁽⁶⁾	12,600	437,614 ⁽⁷⁾	7,500	13,800 ⁽⁸⁾
Debt ⁽⁹⁾	\$925,000	Nil	\$1,500,000	\$874,822	\$874,822

Notes:

- (1) In addition, 2,440,000 Sahara Shares are issuable pursuant to Sahara Options outstanding at varying exercise prices.
- (2) Final issued and outstanding Sahara Shares after completion of the Arrangement may vary due to rounding.
- (3) \$567,000 principal amount of 10% fixed rate convertible debentures are convertible into units at a price of \$0.50 per unit for a period of two years from the date of issuance, with each such unit being comprised of one Mirage Share and one Mirage Share purchase warrant which entitles the holder to acquire one Mirage Share at a price of \$0.50 per share.
- (4) \$530,000 principal amount of 10% fixed rate convertible debentures are convertible into units at a price of \$0.57 per unit and matured on December 31, 2007, with each such unit being comprised of one Sahara Share and one Sahara Share purchase warrant which entitles the holder to acquire one Sahara Share at price of \$0.57 per share. \$770,000 principal amount of 10% fixed rate convertible debenture are convertible into units at a price of \$0.90 per unit for a period of two years from the date of issuance, with each such unit being comprised of one Sahara Share and one Sahara Share purchase warrant which entitles the holder to acquire one Sahara Share at a price of \$0.90 per share. During December 2007 and January 2008 Sahara redeemed for cancellation and paid out in full an aggregate of \$110,000 principal amount debentures originally issued on February 1, 2006. In addition, Sahara entered into agreements with certain debenture holders (including certain directors and officers of Sahara), holding an aggregate of \$320,000 principal amount debentures, to postpone payment of such debentures to a later date. An additional \$100,000 principal amount of debentures which matured on December 31, 2007 remain owing to a former officer of Sahara.
- (5) Sahara will assume the 10% fixed rate convertible debentures of Mirage as a result of the completion of the Arrangement. There are currently \$567,000 principal amount of debentures of Mirage outstanding, which are convertible into units of Mirage at a price of \$0.50 per unit with each such unit being comprised of one Mirage Share and one Mirage Share purchase warrant which entitles a holder to purchase a Mirage Share at a price of \$0.50 per Mirage Share. Pursuant to the terms and conditions governing the debentures upon completion of the Arrangement the debentures will be convertible into units of Sahara at a price of \$1.00 per unit for two years from the date of issuance. Each unit will be comprised of one Sahara Share and one Sahara Share purchase warrant. Each Warrant will entitle the holder thereof to acquire one Sahara Share at a price of \$1.00 for two years from the date of the original issuance of the Mirage Debentures.
- (6) Each warrant is convertible into one Mirage Share at varying exercise prices.
- (7) Each Warrant is convertible into one Sahara Share at varying exercise prices.

- (8) Sahara will assume the obligations of Mirage pursuant to Warrants of Mirage which are outstanding as of the date of Arrangement. There are currently 12,600 Mirage Share purchase warrants outstanding, each such warrant entitling the holder thereof to acquire one Mirage Share at price of \$0.55 per share until June 28, 2008. Upon completion of the Arrangement, every two (2) previously held Mirage Warrants will entitle the holder to acquire a Sahara Share at a price of \$1.10 per share.
- (9) Debt is comprised of short term secured liabilities.

Directors and Officers Following Completion of Arrangement

The name, municipality of residence and Mirage and Sahara shareholdings of each of Sahara's expected directors and executive officers following completion of the Arrangement.

Name, Place of Residence and Position with Sahara	Number and Percent of Mirage Shares Beneficially Owned or Controlled (1)	Number and Percent of Sahara Shares Beneficially Owned or Controlled before giving effect to the Arrangement(1)	Number and Percent of Sahara Shares Beneficially Owned or Controlled after giving effect to the Arrangement(1)
Peter Boswell⁽²⁾ Calgary, Alberta, Canada President, Chief Executive Officer and a Director	2,076,000 (7.7%)	3,527,500 (14.6%)	4,565,500 (12.2%)
Rene LaPrade⁽²⁾ Calgary, Alberta, Canada Director	1,577,500 (5.9%)	180,000 (0.75%)	968,750 (2.6%)
William Petrie⁽²⁾ Calgary, Alberta, Canada Director	48,000 (0.2%)	467,700 (1.9%)	491,700 (1.3%)
Quentin Enns⁽²⁾ Calgary, Alberta, Canada Vice President, Exploration and a Director	300,000 (1.1%)	1,547,038 (6.4%)	1,697,038 (4.5%)
Dufton Lewis Calgary, Alberta, Canada Vice President, Finance and Chief Financial Officer	0 (0%)	0 (0%)	0 (0%)

Notes:

- (1) The information as to Sahara and Mirage Shares beneficially owned, not being within the knowledge of Sahara, has been furnished by the respective directors and officers individually.
- (2) Member of the Audit Committee.
- (3) Sahara does not have an executive committee.

After giving effect to the Arrangement the directors and executive officers of Sahara as a group, beneficially own, or exercise control or direction over, an aggregate of 7,722,988 Sahara Shares representing approximately 20.1% of the issued and outstanding Sahara Shares.

GENERAL PROXY MATTERS

Solicitation of Proxies

This Information Circular is provided in connection with the solicitation of proxies by the management of Mirage for use at the Meeting for the purposes set forth in the accompanying Notice of Meeting. In addition to solicitation by mail, proxies may be solicited by personal interviews, telephone or other means of communication and by directors, officers and employees of Mirage who will not be specifically remunerated therefor. Any solicitation costs will be borne by Mirage.

The Meeting is being called pursuant to the Interim Order to seek the requisite approval of the Shareholders of the Arrangement in accordance with section 193 of the ABCA.

Appointment and Revocation of Proxies

The Persons named in the enclosed form of proxy are directors and officers of Mirage. **A Shareholder has the right to appoint a Person (who need not be a Shareholder) other than the Persons designated in the form of proxy provided by Mirage to represent the Shareholder at the Meeting. To exercise this right, the Shareholder should strike out the names of the management designees in the enclosed form of proxy and insert the name of the desired representative in the blank space provided in the form of proxy or submit another appropriate form of proxy.** In order to be effective, a proxy must be forwarded so as to reach, or be deposited with, Olympia Trust Company at 2300, 125 – 9th Avenue S.E., Calgary, Alberta T2G 0P6, no later than 48 hours (excluding Saturdays, Sundays and statutory holidays in the Province of Alberta) prior to the Meeting or any adjournment thereof. The proxy shall be in writing and executed by the Shareholder, or such shareholder's attorney authorized in writing, or if such shareholder is a corporation, under its corporate seal or by a duly authorized officer or attorney.

A Shareholder who has given a proxy may revoke it at any time before it is exercised. In addition to revocation in any other manner permitted by law, a Shareholder may revoke a proxy by instrument in writing executed by the Shareholder or such shareholder's attorney authorized in writing, or, if the shareholder is a corporation, under its corporate seal or by an officer or attorney thereof, duly authorized, and deposited either at the registered office of Mirage at any time up to and including the last Business Day preceding the day of the Meeting, at which the proxy is to be used, or with the Chairman of the Meeting on the day of the Meeting. The registered office of Mirage is as set forth elsewhere in this Information Circular.

Proxy Voting

All Mirage Shares represented at the Meeting by properly completed and executed proxies in favour of the Arrangement will be voted on any ballot that may be called for and, where a choice with respect to any matter to be acted upon has been specified in the proxy, Mirage Shares represented by the proxy will be voted in accordance with such instructions. **In the absence of any such instruction, the Persons whose names appear on the printed form of proxy will vote in favour of the matters set out thereon. If any other business or amendments to or variations of the matters identified in the Notice of Meeting properly come before the Meeting, then discretionary authority is conferred upon the Persons appointed in the proxy to vote in the manner they see fit.**

Voting Securities of Mirage and Principal Holders Thereof

As at the date hereof, there are 26,807,792 Mirage Shares issued and outstanding, which are Mirage's only outstanding voting securities. Each Mirage Share entitles the holder thereof to one vote per share on a ballot at the Meeting. To the knowledge of the directors and executive officers of Mirage, as at the date hereof, other than as specified elsewhere herein, no Person or company beneficially owned, directly or indirectly, or exercised control or direction over, voting securities of Mirage carrying 10% or more of the voting rights attached to voting securities of Mirage.

Pursuant to the Interim Order, business may be transacted at the Meeting if at least one or more Persons are present who hold or represent by proxy not less than 5% of the Mirage Shares entitled to vote at the Meeting.

Record Date

The record date for the Meeting has been fixed at the close of business on February 26, 2008 (the "**Record Date**"). Only Shareholders of record as at the Record Date are entitled to receive notice of the Meeting. Shareholders of record will be entitled to vote the Mirage Shares held by them as at the Record Date, unless any such Shareholder transfers Mirage Shares after the Record Date and the transferee of those shares, having produced properly endorsed certificates evidencing such shares or having otherwise established ownership of such shares, demands, at least 10

days before the Meeting, that the transferee's name be included in the list of shareholders entitled to vote at the Meeting, in which case such transferee shall be entitled to vote such shares at the Meeting.

Advice to Beneficial Holders of Mirage Shares

The information set forth in this section is of significant importance to many Shareholders, as a substantial number of Shareholders do not hold Mirage Shares in their own names. Shareholders who do not hold Mirage Shares in their own names ("**Beneficial Shareholders**") should note that only proxies deposited by Shareholders whose names appear on the records of Mirage as the registered holders of Mirage Shares can be recognized and acted upon at the Meeting. If Mirage Shares are listed in an account statement provided to a Shareholder by a broker, then in almost all cases those Mirage Shares will not be registered in the Shareholder's name on the records of Mirage. Such Mirage Shares will more likely be registered under the name of the Shareholder's broker or an agent of that broker. Mirage Shares held by brokers or their agents or nominees can only be voted (for or against resolutions) upon the instructions of the Beneficial Shareholder. Without specific instructions, brokers and their agents and nominees are prohibited from voting shares for the broker's clients. **Therefore, Beneficial Shareholders should ensure that instructions respecting the voting of their Mirage Shares are communicated to the appropriate Person.**

Applicable regulatory policy requires intermediaries/brokers to seek voting instructions from Beneficial Shareholders in advance of shareholders' meetings. Every intermediary/broker has its own mailing procedures and provides its own return instructions to clients, which should be carefully followed by Beneficial Shareholders in order to ensure that their shares are voted at the applicable meeting. The form of proxy supplied to a Beneficial Shareholder by its broker (or the agent of the broker) is similar to the form of proxy provided to registered Shareholders by Mirage. However, its purpose is limited to instructing the registered Shareholder (the broker or agent of the broker) how to vote on behalf of the Beneficial Shareholder. **A Beneficial Shareholder receiving a voting instruction form cannot use that voting instruction form to vote Mirage Shares directly at the Meeting, as the voting instruction form must be returned as directed by its broker well in advance of the Meeting in order to have the Mirage Shares voted.**

Although a Beneficial Shareholder may not be recognized directly at the Meeting for the purposes of voting Mirage Shares registered in the name of his broker (or agent of the broker), a Beneficial Shareholder may attend at the Meeting as proxyholder for the registered Shareholder and vote the Mirage Shares in that capacity. Beneficial Shareholders who wish to attend at the Meeting and indirectly vote their Mirage Shares as proxyholders for registered Shareholders should enter their own names in the blank spaces on the instruments of proxy provided to them and return the same to their brokers (or the brokers' agents) in accordance with the instructions provided by such brokers (or agents) well in advance of the Meeting.

Other Matters

Management of Mirage knows of no amendments to, variations of or other matters to come before the Meeting, other than the matters referred to in the Notice of Meeting; however, if any other matter properly comes before the Meeting, the accompanying form of proxy will be voted on such matter in accordance with the best judgement of the Person(s) voting the proxy.

SAHARA AUDITOR'S CONSENT

The Board of Directors
Sahara Energy Ltd.

We have read the information circular and proxy statement with respect to a plan of arrangement involving Sahara Energy Ltd. ("**Sahara**"), Mirage Energy Ltd. and the shareholders of Mirage Energy Ltd. (the "**Information Circular**"). We have complied with Canadian generally accepted standards for an auditors' involvement with offering documents.

We consent to the incorporation by reference in the Information Circular of our report to the shareholders of Sahara on the balance sheets of Sahara as at December 31, 2006 and 2005 and the statements of operations and deficit and cash flows for the years then ended. Our report is dated April 23, 2007.

(signed) "*Mackay LLP*"
Chartered Accountants

Calgary, Canada
February 28, 2008

MIRAGE AUDITOR'S CONSENT

The Board of Directors
Mirage Energy Ltd.

We have read the information circular and proxy statement with respect to a plan of arrangement involving Sahara Energy Ltd., Mirage Energy Ltd. ("**Mirage**") and the shareholders of Mirage Energy Ltd. (the "**Information Circular**"). We have complied with Canadian generally accepted standards for an auditors' involvement with offering documents.

We consent to the incorporation by reference in the Information Circular of our report to the shareholders of Mirage on the balance sheets of Mirage as at December 31, 2006 and the statements of operations and deficit and cash flows for the period from incorporation on March 17, 2006 to December 31, 2006. Our report is dated April 23, 2007.

(signed) "*Mackay LLP*"
Chartered Accountants

Calgary, Canada
February 28, 2008

APPENDIX "A"
ARRANGEMENT AGREEMENT

THIS ARRANGEMENT AGREEMENT effective as of February 25, 2008.

BETWEEN:

SAHARA ENERGY LTD., a body corporate established under the *Business Corporations Act* (Alberta) (hereinafter called "**Sahara**")

- and -

MIRAGE ENERGY LTD., a body corporate established under the *Business Corporations Act* (Alberta) (hereinafter called "**Mirage**").

WHEREAS Sahara wishes to acquire all of the outstanding Common Shares of Mirage at one time in a single transaction;

AND WHEREAS Sahara and Mirage wish to propose an arrangement involving Sahara, Mirage and the Mirage Shareholders (as defined herein);

AND WHEREAS the parties hereto intend to carry out the transactions contemplated herein by way of an arrangement under the provisions of the *Business Corporations Act* (Alberta);

AND WHEREAS the parties hereto have entered into this agreement to provide for the matters referred to in the foregoing recitals and for other matters relating to such arrangement;

NOW THEREFORE this agreement witnesseth that in consideration of the covenants and agreements herein contained and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto covenant and agree as set forth below.

ARTICLE 1 INTERPRETATION

1.1 Definitions

In this Agreement, unless the context otherwise requires, the following defined terms shall have the following meanings:

"**ABCA**" means the *Business Corporations Act* (Alberta), as amended from time to time, including the regulations promulgated thereunder;

"**Agreement**" or "**Arrangement Agreement**" means this arrangement agreement, including the recitals and all Exhibits to this arrangement agreement, as amended or supplemented and/or restated from time to time and the terms "this Agreement", "hereof", "herein" and "hereunder" and similar expressions refer to this Agreement and not to any particular article, section or other portion hereof and include any agreement or instrument supplementary or ancillary hereto;

"**Agreement Date**" means the date hereof;

"**Applicable Laws**" means applicable corporate, securities and other laws, regulations and rules and all policies and rules of applicable stock exchanges;

"**Arrangement**" means the arrangement under the provisions of section 193 of the ABCA, on the terms and conditions set forth in the Plan of Arrangement;

"**Arrangement Resolution**" means the resolution in respect of the Arrangement to be considered by the Mirage Shareholders at the Meeting;

"**Articles of Arrangement**" means the articles of arrangement in respect of the Arrangement required by the ABCA to be filed with the Registrar after the Final Order is made to give effect to the Arrangement;

"**Business Day**" means, with respect to any action to be taken, any day, other than Saturday, Sunday or a statutory holiday, in the place where such action is to be taken;

"**Court**" means the Court of Queen's Bench of Alberta;

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

"**DeGolyer Mirage Report**" means the reserves report dated April 2, 2007 prepared by DeGolyer evaluating light and medium oil, heavy oil and associated non-associated gas reserves attributable to properties owned by Mirage as at December 31, 2006;

"**DeGolyer Sahara Report**" means the reserves report dated April 2, 2007 prepared by DeGolyer evaluating light and medium oil, heavy oil and associated non-associated gas reserves attributable properties owned by Sahara as at December 31, 2006;

"**Depository**" means Olympia or such other person that may be appointed by Sahara for purpose of receiving deposits of certificates representing Mirage Shares;

"**Effective Date**" means the effective date of the Arrangement, being the date on which the Articles of Arrangement are filed under the ABCA giving effect to the Arrangement;

"**Effective Time**" means 12:01 a.m. on the Effective Date;

"**Encumbrance**" includes, without limitation, any mortgage, pledge, assignment, charge, lien, security interest, claim, trust, royalty or carried, participation, net profits or other third party interest and any agreement, option, right of first refusal, right or privilege (whether by law, contract or otherwise) capable of becoming any of the foregoing;

"**Environmental Laws**" has the meaning ascribed thereto in Section 3.1(u);

"**Final Order**" means the final order of the Court approving the Arrangement pursuant to subsection 193(9) of the ABCA, as such order may be affirmed, amended or modified by any court of competent jurisdiction;

"**GAAP**" means generally accepted accounting principles consistently applied in Canada;

"**Information Circular**" means the information circular of Mirage relating to the Meeting;

"**Interim Order**" means the order of the Court pursuant to subsection 193(4) of the ABCA ordering the Meeting and setting out certain declarations and directions in respect of the Arrangement and the holding of the Meeting, as such order may be affirmed, amended or modified by any court of competent jurisdiction;

"**Mirage**" means Mirage Energy Ltd., a body corporate amalgamated under the ABCA;

"**Mirage Debentures**" means the currently outstanding 10% fixed rate convertible debentures in the principal amount of \$567,000, which are convertible into units of the Corporation at a price of \$0.50 per unit with each such unit being comprised of one Mirage Share and one Mirage Share purchase warrant which entitles a holder to purchase a Mirage Share at a price of \$0.50 per share;

"**Mirage Financial Advisor**" means Salman Partners Inc.;

"**Mirage Financial Statements**" means, collectively, the audited consolidated financial statements of Mirage for the year ended December 31, 2006, together with the notes thereto and the report of the auditors thereon and the unaudited consolidated financial statements of Mirage for the nine months ended September 30, 2007;

"**Mirage Options**" means the outstanding options to purchase Mirage Shares issued to directors, officers and employees of, and consultants to, Mirage;

"**Mirage Public Record**" means all information to be filed by or on behalf of Mirage after December 31, 2006 and prior to the earlier of the Effective Date or the termination of this Agreement with any securities commission or regulatory authority in compliance, or intended compliance, with applicable securities laws in each of the provinces of Canada in which Mirage is a "reporting issuer" or has equivalent status, including, without limitation, any annual information form or prospectus and any other information filed with any securities commission in compliance, or intended compliance, with any applicable securities laws;

"**Mirage Shareholders**" means the registered holders of Mirage Shares;

"**Mirage Shares**" means the common shares in the capital of Mirage as constituted on the date hereof;

"**Material Adverse Change**" means, in respect of Mirage or Sahara, any change in the business, affairs, operations, prospects, results of operations, assets, capitalization, financial condition, licenses, permits, concessions, rights, privileges or liabilities, whether contractual or otherwise, of such party or its subsidiaries (if applicable), which is materially adverse to such party and its subsidiaries (considered as a whole), other than a change (i) that arises out of a matter that has been disclosed in writing by a party to the other party hereto prior to the Agreement Date; (ii) that results from conditions affecting the oil and gas industry generally in jurisdictions in which it carries on business, including changes in commodity prices or taxes; (iii) resulting from general economic, financial, currency exchange, securities or commodity market conditions in Canada or elsewhere; or (iv) that is a direct result of any matter permitted by this Agreement or consented to in writing by Mirage;

"**Material Adverse Effect**", in relation to any event or change, means an effect that is, or would reasonably be expected to be, materially adverse to the business, affairs, operations, prospects, results of operations, assets, capitalization, financial condition, licenses, permits, concessions, rights, privileges or liabilities, whether contractual or otherwise, of Mirage or Sahara; provided that a Material Adverse Effect shall not include an adverse effect resulting from a change (i) that arises out of a matter that has been disclosed in writing by a party to the other prior to the Agreement Date; (ii) that results from conditions affecting the oil and gas industry generally in jurisdictions in which it carries on business, including changes in commodity prices or taxes; (iii) that results from general economic, financial, currency exchange, securities or commodity market conditions in Canada or elsewhere; or (iv) that is a direct result of any matter permitted by this Agreement or consented to in writing by the other party;

"**Meeting**" means the annual and special meeting of the Mirage Shareholders, including any adjournment thereof, that is to be convened as provided by the Interim Order to consider and, if deemed advisable, approve the Arrangement;

"**Olympia**" means Olympia Trust Company;

"**Person**" means any individual, partnership, limited partnership, joint venture, trust, body corporate, unincorporated organization, committee, trade creditors' committee, government or agency, or instrumentality thereof, or any other entity howsoever designated or constituted;

"**Plan of Arrangement**" means the plan of arrangement substantially in the form annexed hereto as **Exhibit 1** and any amendment thereto or variation thereof;

"**Registrar**" means the Registrar of Corporations appointed pursuant to section 263 of the ABCA;

"**Sahara**" means Sahara Energy Ltd., a body corporate amalgamated under the ABCA and where applicable shall include Sahara Energy (USA) Corp.;

"**Sahara Debentures**" means the currently outstanding 10% fixed rate convertible debentures in the principal amount of \$770,000 which are convertible into units at a price of \$0.90 per unit, with each such unit being comprised of one Sahara Share and one Sahara Share purchase warrant which entitles a holder to purchase a Sahara Share at a price that matches the conversion price of such debentures;

"Sahara Financial Statements" means the audited consolidated financial statements of Sahara for the year ended December 31, 2006, together with the notes thereto and the report of the auditors thereon and the unaudited consolidated financial statements of Sahara for the nine months ended September 30, 2007;

"Sahara Information" means all information required by Applicable Laws to be included in the Information Circular relating to Sahara and the Sahara Shares;

"Sahara Public Record" means all information filed by or to be filed by or on behalf of Sahara after December 31, 2006 and prior to the earlier of the Effective Date or the termination of this Agreement with any securities commission or regulatory authority in compliance, or intended compliance, with applicable securities laws in each of the provinces of Canada in which Sahara is a "reporting issuer" or has equivalent status, including, without limitation, any annual information form or prospectus and any other information filed with any securities commission in compliance, or intended compliance, with any applicable securities laws; and

"Sahara Shares" means the common shares in the capital of Sahara; and

"TSXV" means the TSX Venture Exchange.

1.2 Interpretation Not Affected by Headings

The division of this Agreement into articles, sections, subsections and paragraphs and the insertion of headings are for convenience of reference only and shall not affect in any way the meaning or interpretation of this Agreement.

1.3 Article References

Unless the contrary intention appears, references in this Agreement to an article, section, subsection, paragraph, exhibit or schedule by number or letter or both refer to the article, section, subsection, paragraph, exhibit or schedule, respectively, bearing that designation in this Agreement.

1.4 Number

In this Agreement, unless the contrary intention appears, words importing the singular include the plural and vice versa, and words importing gender include all genders.

1.5 Date for Any Action

In the event that the date on which any action is required to be taken hereunder by any of the parties hereto is not a Business Day in the place where such action is required to be taken, such action shall be required to be taken on the next succeeding day which is a Business Day in such place.

1.6 Currency

Unless otherwise stated, all references in this Agreement to sums of money are expressed in lawful money of Canada.

1.7 Exhibit

Exhibit 1 annexed to this Agreement, being the Plan of Arrangement, is incorporated by reference into this Agreement and forms part hereof.

1.8 Statutes

References in this Agreement to any statute or sections thereof shall include such statute as amended or substituted and any regulations promulgated thereunder.

1.9 Disclosure in Writing

References to disclosure in writing herein shall, in the case of Mirage, include disclosure to Mirage or its representatives, and in the case of Sahara, include disclosure to Sahara or its representatives.

ARTICLE 2 THE ARRANGEMENT

2.1 Arrangement

As soon as reasonably practicable, Mirage shall apply to the Court pursuant to section 193 of the ABCA for an order approving the Arrangement and in connection with such application shall:

- (a) forthwith file, proceed with and diligently prosecute an application for an Interim Order under section 193(4) of the ABCA providing for, among other things, the calling and holding of the Meeting for the purpose of considering and, if deemed advisable, approving the Arrangement;
- (b) subject to obtaining such approval of the Mirage Shareholders at the Meeting as contemplated in the Interim Order and as may be directed by the Court in the Interim Order, take the steps necessary to submit the Arrangement to the Court and apply for the Final Order; and
- (c) subject to obtaining the Final Order and the satisfaction or waiver of the other conditions herein contained in favour of each party, forthwith proceed to file with the Registrar the Articles of Arrangement and such other documents as may be required to give effect to the Arrangement pursuant to subsection 193(9) of the ABCA.

2.2 Interim Order

The application referred to in Section 2.1(a) shall request that the Interim Order provide:

- (a) for the class of Persons to whom notice is to be provided in respect of the Arrangement and the Meeting and for the manner in which such notice is to be provided;
- (b) that the requisite shareholder approval for the Arrangement shall be 66 $\frac{2}{3}$ % of the votes cast by Mirage Shareholders present in person or by proxy at the Meeting and, if necessary, by a majority of the votes cast by minority holders of Mirage Shares; and
- (c) that, in all other respects, the terms, restrictions and conditions of the by-laws and articles of Mirage, including quorum requirements and all other matters, shall apply in respect of the Meeting.

2.3 Information Circular

As soon as reasonably practicable after the execution and delivery of this Agreement, Mirage shall convene the Meeting and each of Sahara and Mirage shall cooperate with each other in the preparation of the Information Circular, together with any other documents required under the ABCA or Applicable Laws with respect to the Arrangement and Mirage shall cause the same to be sent to each Mirage Shareholder and filed as required under the ABCA and Applicable Laws so that the Meeting may be held by no later than April 15, 2008.

2.4 Effective Date

The Arrangement shall become effective at the Effective Time.

**ARTICLE 3
REPRESENTATIONS AND WARRANTIES**

3.1 Representations and Warranties of Mirage

Mirage represents and warrants to Sahara, and acknowledges that Sahara is relying upon such representations and warranties in connection with the matters contemplated by this Agreement, that:

- (a) Mirage has been duly amalgamated and is valid and subsisting in good standing under the laws of Alberta and has the requisite corporate power and authority to carry on its business and to own, lease and operate its properties and assets;
- (b) Mirage is duly registered to carry on business and is in good standing in each jurisdiction in which the character of its properties, owned or leased, or the nature of its activities make such registration necessary, except where the failure to be so registered or in good standing would not have a Material Adverse Effect on Mirage, on a consolidated basis;
- (c) Mirage does not have any subsidiaries and does not hold any shares or other interests in any corporations, partnerships or trusts;
- (d) Mirage has the requisite corporate authority to enter into this Agreement and to carry out its obligations hereunder and the execution and delivery of this Agreement and the consummation by Mirage of the transactions contemplated hereby and no other corporate proceedings on the part of Mirage are or will be necessary to authorize this Agreement and the transactions contemplated hereby, other than the approval of the Arrangement and the ratification and approval of the Arrangement Agreement by the Mirage Shareholders as contemplated by the Interim Order and such other matters as are necessary under the ABCA, the Interim Order and the Final Order to consummate the Arrangement;
- (e) when ratified and approved by the Mirage Shareholders this Agreement will have been duly executed and delivered by Mirage and will constitute a legal, valid and binding obligation of Mirage enforceable against Mirage in accordance with its terms, subject to bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and other laws relating to or affecting creditors' rights generally and to general principles of equity;
- (f) subject to section 6.1 of this Agreement, neither the execution and delivery of this Agreement by Mirage, the consummation by Mirage of the transactions contemplated hereby nor compliance by Mirage with any of the provisions hereof will: (i) violate, conflict with, or result in breach of any provision of, require any consent, approval or notice under, or constitute a default (or an event which, with notice or lapse of time or both, would constitute a default) or result in a right of termination or acceleration under, or result in a creation of any lien, security interest, charge or encumbrance upon any of the properties or assets of Mirage under any of the terms, conditions or provisions of (A) the articles or bylaws of Mirage, or (B) any material note, bond, mortgage, indenture, loan agreement, deed of trust, agreement, lien, contract or other instrument or obligation to which Mirage is a party or to which it, or any of its properties or assets, may be subject or by which Mirage is bound; or (ii) violate any judgment, ruling, order, writ, injunction, determination, award, decree, statute, ordinance, rule or regulation applicable to Mirage (except, in the case of each of clauses (i) and (ii) above, for such violations, conflicts, breaches, defaults, terminations, accelerations, creations, or any consents, approvals or notices which, if not given or received, would not have any Material Adverse Effect on the business, operations or financial condition of Mirage, on a consolidated basis or on the ability of Mirage to consummate the transactions contemplated hereby);
- (g) other than in connection with or in compliance with the provisions of Applicable Laws, (i) there is no legal impediment to Mirage's consummation of the transactions contemplated by this Agreement and (ii) no filing or registration with, or authorization, consent or approval of, any domestic or foreign public body or authority is necessary by Mirage in connection with the making or the consummation of the Arrangement other than as contemplated by this Agreement and except for such filings or registrations which, if not made, or for such authorizations, consents or approvals, which, if not received, would not have any Material Adverse Effect on the ability of Mirage to consummate the transactions contemplated hereby;

- (h) no securities commission or similar regulatory authority has issued any order preventing or suspending trading of any securities of Mirage;
- (i) the authorized capital of Mirage consists of an unlimited number of Mirage Shares and preferred shares, issuable in series, of which as at the date hereof, 26,807,792 Mirage Shares are issued and outstanding, all of which were issued as fully paid and non-assessable;
- (j) except for the Mirage Options and the Mirage Debentures, no person has any agreement, option, warrant, right or privilege capable of becoming an agreement for the purchase, subscription or issuance of any unissued Mirage Shares or other securities of Mirage;
- (k) other than as disclosed in the Mirage Public Record, since December 31, 2006: (i) there has been no Material Adverse Change in respect of Mirage (or any condition, event or development involving a prospective change that would result in a Material Adverse Change to, or have a Material Adverse Effect on, Mirage); (ii) Mirage has conducted its businesses only in the ordinary and normal course; and (iii) no liability or obligation of any nature (whether absolute, accrued, contingent or otherwise) material to Mirage has been incurred other than in the ordinary and normal course of business;
- (l) Mirage has made available to DeGolyer prior to the issuance of the DeGolyer Mirage Report for the purposes of preparing such report, all information requested by DeGolyer which information did not contain any material misrepresentation at the time such information was so provided. Mirage has no knowledge of any change in any reserves information provided to DeGolyer since the date that such information was so provided which would result in any Material Adverse Change to the quantity or pre-tax present worth value of estimated future net revenue values of Mirage as set out in the DeGolyer Mirage Report as at the effective date thereof. Mirage believes that the DeGolyer Mirage Report reasonably presents the quantity and pre-tax present worth value of estimated future net revenue values of oil and natural gas reserves of Mirage as at the effective date thereof in respect of reserves information therein based upon information available in respect of such reserves at the time each such report was prepared and the price assumptions contained therein. Mirage has not requested DeGolyer to evaluate any of the Mirage's reserves subsequent to the effective date of the DeGolyer Mirage Report;
- (m) other than as disclosed in the Mirage Public Record, Mirage is not aware of any pending or threatened action, suit, proceeding or inquiry which, in aggregate, could have a Material Adverse Effect on: (i) the quantity and pre-tax present value of estimated future net revenue values of oil and natural gas reserves of Mirage as shown in the DeGolyer Mirage Report; (ii) the current production of Mirage; or (iii) the current cash flow of Mirage;
- (n) other than as disclosed in the Mirage Public Record, there are no outstanding, or to the knowledge of Mirage, threatened claims, suits, actions or proceedings against Mirage which, if determined adversely to Mirage, would have a Material Adverse Effect on the assets, liabilities, business or operations of Mirage, taken as a whole, or on the ability of Mirage to consummate the transactions contemplated hereby;
- (o) the Mirage Financial Statements were prepared in accordance with GAAP (except (i) as otherwise indicated in such financial statements and the notes thereto or, in the case of audited statements, in the related report of Mirage's independent auditors or (ii) in the case of unaudited interim statements, to the extent they may not include footnotes, are subject to normal year end adjustments or may be condensed or summary statements), and fairly present, in accordance with GAAP, consistently applied, the consolidated financial position, results of the operations and changes in financial position of Mirage as of the dates thereof and for the periods indicated therein (subject, in the case of any unaudited interim financial statements, to normal year-end audit adjustments) and reflect appropriate and adequate reserves in respect of contingent liabilities, if any, of Mirage on a consolidated basis; further there has been no change in Mirage's accounting policies except as described in the notes to Mirage's Financial Statements, since January 1, 2007;
- (p) there exists no default or event of default or event, occurrence, condition or act which, with the giving of notice, the lapse of time or the happening of any other event or condition, would become a default or event of default under any agreements and instruments having application to Mirage's assets and to which it is a party or is bound except for such non-compliance which is not expected to have a Material Adverse Effect on Mirage or its assets;

- (q) Mirage does not have any material liabilities of any nature (matured or unmatured, fixed or contingent), other than:
- (i) those set forth or adequately provided for in the most recent balance sheet and associated notes thereto included in the Mirage Financial Statements (the "**Mirage Balance Sheet**");
 - (ii) those incurred in the ordinary course of business and not required to be set forth in the Mirage Balance Sheet under GAAP;
 - (iii) those incurred in the ordinary course of business since the date of the Mirage Balance Sheet and consistent with past practice; and
 - (iv) those incurred in connection with the execution of this Agreement and the transaction contemplated herein.
- (r) Mirage has conducted and is conducting its business in accordance with good oilfield practices and in compliance in all material respects with all Applicable Laws and, in particular, all applicable licensing and environmental legislation, regulations or by-laws or other lawful requirements of any governmental or regulatory bodies applicable to Mirage in each jurisdiction in which it carries on business and holds all licenses, registrations and qualifications material to its business and assets in all jurisdictions in which it carries on business (and in each case where the failure to so conduct business or be in such compliance would have a Material Adverse Effect on the business of Mirage), which are necessary or desirable to carry on the business of Mirage as now conducted, and none of such licenses, registrations or qualifications contains any term, provision, condition or limitation not incurred or created in the ordinary course of business and which will have a Material Adverse Effect, financial or otherwise, on the business of Mirage, on a consolidated basis;
- (s) all *ad valorem*, property, production, severance and similar taxes and assessments, royalties or lease rentals based on or measured by the ownership of property or the production of petroleum substances or the receipts of proceeds therefrom payable by Mirage in respect of any properties or assets up to the date hereof and to the Effective Time have been or will be properly and fully paid and discharged;
- (t) no officer, director, employee or consultant of Mirage, any associate or affiliate of any such person or any party not at arm's length to Mirage owns, has or is entitled to any royalty, net profits interest, carried interest or other Encumbrances of any nature whatsoever which are based on production from Mirage's properties or assets or any revenue or rights attributed thereto;
- (u) to the best of the knowledge of Mirage, except to the extent that any violation or other matter referred to in this section does not have a Material Adverse Effect, financial or otherwise, on the business, assets, properties, condition (financial or otherwise), results of operations or prospects of Mirage, on a consolidated basis;
- (i) it is not in violation of any applicable federal, provincial, municipal or local laws, regulations, orders, government decrees or ordinances with respect to environmental, health or safety matters (collectively, "**Environmental Laws**");
 - (ii) it has operated its business at all times and has received, handled, used, stored, treated, shipped and disposed of all contaminants without violation of Environmental Laws;
 - (iii) other than has been publicly disclosed or as disclosed in writing to Sahara, there has not occurred any material spills, emissions, releases, deposits or discharges of hazardous or toxic substances, contaminants or wastes which have not been rectified on any of the real property owned or leased by Mirage or under its control;
 - (iv) no orders, directions or notices from any regulatory authority have been issued and remain outstanding pursuant to any Environmental Laws relating to the business or assets of Mirage and, to the knowledge of Mirage, no such orders, directions or notices are contemplated;

- (v) it has not failed to report to the proper federal, provincial, municipal or other political subdivision, government, department, commission, board, bureau, agency or instrumentality, domestic or foreign ("**Governmental Authority**") the occurrence of any event which is required to be so reported by any Environmental Law; and
- (vi) Mirage holds all licenses, permits and approvals required under Environment Laws in connection with the operation of its business and the ownership and use of its assets, all such licenses, permits and approvals are in full force and effect, and except for (A) notifications and conditions of general application to assets of the type owned by Mirage (B) notifications relating to reclamation obligations under the *Environmental Protection and Enhancement Act* (Alberta), and (C) such notifications as have been disclosed in writing to Sahara has not received any notification pursuant to any Environmental Laws that any work, repairs, construction or capital expenditures are required to be made by it as a condition of continued compliance with any Environmental Laws, or any license, permit or approval issued pursuant thereto, or that any license, permit or approval referred to above is about to be reviewed, made subject to limitation or conditions, revoked, withdrawn or terminated;
- (v) Mirage has disclosed to Sahara the details, and has provided copies, of all severance and change of control arrangements between Mirage and the directors, officers and employees of Mirage;
- (w) No amounts will be payable by Mirage under any obligations or liabilities of Mirage to pay any amount to its officers, directors, employees or consultants for severance, termination or bonus payments on the change of control of Mirage in connection with the Arrangement;
- (x) there are no accrued bonuses payable to any officers, directors or employees of Mirage;
- (y) Mirage has provided Sahara with copies of all insurance policies currently maintained and the coverage under each of such policies is in full force and effect and Mirage is not in receipt of any notice of default under such insurance policies, and has no knowledge of any facts, conditions, or circumstances which would likely result in a default under any of such insurance policies;
- (z) other than the engagement of the Mirage Financial Advisor, Mirage has not entered into any arrangement whereby Sahara or Mirage will have any liability for financial advisor's, broker's, or finder's fees (including without limitation any disbursements, expenses or costs related to a fairness opinion) in respect of the Arrangement;
- (aa) the board of directors of Mirage has received a verbal fairness opinion from the Mirage Financial Advisor that the consideration to be received under the Arrangement is fair, from a financial point of view, to Mirage Shareholders;
- (bb) Mirage is a "reporting issuer" in the provinces of British Columbia and Alberta within the meaning of the applicable laws in such provinces and is not in default of any material requirement of applicable laws in any material respect;
- (cc) other than the Mirage Options and the Mirage Debentures, Mirage is not a party to and will not implement a shareholder rights plan or other form of plan, agreement, contract or instrument that will trigger any rights to acquire Mirage Shares or other securities of Mirage or rights, entitlements or privileges in favour of any Person upon the entering into of this Agreement or the Arrangement;
- (dd) Mirage has not waived the applicability of any "standstill" or other provisions of any confidentiality agreements entered into by Mirage which have not automatically expired by their terms;
- (ee) although it does not warrant title:
 - (i) Mirage has no reason to believe that it does not have the right, subject to Applicable Laws and to applicable title documents, to produce and sell its petroleum, natural gas and related hydrocarbons (for the purposes of this clause, the foregoing are referred to as the "**Interests**") and represents and warrants that, except as disclosed in the Mirage Public Record, the Interests are free and clear of adverse claims created by, through or under Mirage, except those arising in the ordinary course of business and, to the best of its knowledge

after due inquiry, Mirage holds the Interests under valid and subsisting leases, licenses, permits, concessions, concession agreements, contracts, subleases, reservations or other agreements; and

- (ii) Mirage is not aware of any defects, failures or impairments in the title of Mirage to its oil and gas properties, whether or not an action, suit, proceeding or inquiry is pending or threatened and whether or not discovered by any third party, which in aggregate could have a Material Adverse Effect on: (a) the quantity and pre-tax present worth values of the oil and natural gas reserves of Mirage as shown in the DeGolyer Mirage Report; (b) the current production of Mirage; or (c) the current cash flow of Mirage;
- (ff) information and statements set forth in the Mirage Public Record are true, correct and complete in all material respects and do not contain any misrepresentations (as defined in the *Securities Act* (Alberta)), as of the respective dates of such information or statements and no material change has occurred in relation to Mirage which is not disclosed in the Mirage Public Record, and Mirage has not filed any confidential material change reports which are still maintained on a confidential basis;
- (gg) the minute books of Mirage are true and correct in all material respects and contain the minutes of all meetings and all resolutions of the directors or shareholders;
- (hh) to the best of its knowledge, Mirage has duly and timely filed, in all material respects, in proper form, returns in respect of taxes under the *Income Tax Act* (Canada), the *Excise Tax Act* (Canada), the *Alberta Corporate Tax Act* and the tax legislation of any other province of Canada or any foreign country having jurisdiction over its affairs for all prior periods in respect of which such filings have heretofore been required, and all taxes shown thereon and all taxes now owing have been paid or accrued on its books and there are no outstanding agreements or waivers extending the statutory period of limitations applicable to any federal, provincial or other tax return for any period, and all payments to any non-resident of Canada have been made in accordance with all applicable legislation in respect of withholding tax, it is not aware of any contingent tax liabilities or any grounds for reassessment, there are no material assessments or reassessments pursuant to which there are amounts owing or discussions in respect thereof with any taxing authority and it has withheld from each payment made to any of its directors, officers and employees and former directors, officers and employees the amount of all taxes (including, without limitation, income tax) and other deductions required to be withheld therefrom and has paid the same to the proper tax or other authority within the time required under any applicable tax legislation and has remitted to the proper tax authority when required by law to do so, all amounts collected by it on account of goods and services tax and it is a "taxable Canadian corporation" for the purposes of the *Income Tax Act* (Canada);
- (ii) all filings made by it under which it has received or is entitled to government incentives have been made in accordance, in all material respects, with all applicable legislation and contain no misrepresentations of material fact or omit to state any material fact which could cause any amount previously paid or previously accrued on its accounts to be recovered or disallowed;
- (jj) since December 31, 2006, Mirage has not, directly or indirectly, paid, declared or authorized any dividends or other distributions in respect of its outstanding shares and has not, directly or indirectly, redeemed, purchased, cancelled or otherwise acquired any of its outstanding shares or agreed to do any of the foregoing; and
- (kk) all information relating to Mirage in the Information Circular, including all information incorporated by reference therein, shall be true, complete and accurate in all material respects and shall not contain any misrepresentation (as defined in the *Securities Act* (Alberta)).

3.2 Representations and Warranties of Sahara

Sahara represents and warrants to Mirage, and acknowledges that Mirage is relying upon such representations and warranties in connection with the matters contemplated by this Agreement, that:

- (a) Sahara has been duly incorporated and is valid and subsisting in good standing under the laws of Alberta and has all requisite authority and power to carry on its business and to own, lease and operate its properties and assets;

- (b) Sahara is duly registered to carry on business and is in good standing in each jurisdiction in which the character of its properties, owned or leased, or the nature of its activities makes such registration necessary, except where the failure to be so registered or in good standing would not have a Material Adverse Effect on Sahara;
- (c) other than Sahara Energy (USA) Corp., Sahara does not have any subsidiaries and does not hold any shares or other interests in any other corporations, partnerships or trusts;
- (d) Sahara has the requisite corporate authority to enter into this Agreement and to carry out its obligations hereunder and the execution and delivery of this Agreement and the consummation by Sahara of the transactions contemplated hereby have been duly authorized by Sahara's board of directors, on the approval of an independent committee of the Board of Directors, and no other corporate proceedings on the part of Sahara are or will be necessary to authorize this Agreement and the transactions contemplated hereby;
- (e) this Agreement has been duly executed and delivered by Sahara and constitutes a legal, valid and binding obligation of Sahara enforceable against Sahara in accordance with its terms, subject to bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and other laws relating to or affecting creditors' rights generally and to general principles of equity;
- (f) neither the execution and delivery of this Agreement by Sahara, the consummation by Sahara of the transactions contemplated hereby nor compliance by Sahara with any of the provisions hereof will: (i) violate, conflict with, or result in breach of any provision of, require any consent, approval or notice under, or constitute a default (or an event which, with notice or lapse of time or both, would constitute a default) or result in a right of termination or acceleration under, or result in a creation of any lien, security interest, charge or encumbrance upon any of the properties or assets of Sahara under any of the terms, conditions or provisions of (A) the articles or by-laws of Sahara, or (B) any material note, bond, mortgage, indenture, loan agreement, deed of trust, agreement, lien, contract or other instrument or obligation to which Sahara is a party or to which it, or any of its properties or assets, may be subject or by which Sahara is bound; or (ii) violate any judgment, ruling, order, writ, injunction, determination, award, decree, statute, ordinance, rule or regulation applicable to Sahara (except, in the case of each of clauses (i) and (ii) above, for such violations, conflicts, breaches, defaults, terminations, accelerations, creations, or any consents, approvals or notices which, if not given or received, would not have any Material Adverse Effect on the business, operations or financial condition of Sahara (taken as a whole) or on the ability of Sahara to consummate the transactions contemplated hereby);
- (g) other than in connection with or in compliance with the provisions of Applicable Laws, (i) there is no legal impediment to Sahara's consummation of the transactions contemplated by this Agreement and (ii) no filing or registration with, or authorization, consent or approval of, any domestic or foreign public body or authority is necessary by Sahara in connection with the making or the consummation of the Arrangement other than as contemplated by this Agreement and except for such filings or registrations which, if not made, and for such authorizations, consents or approvals, which, if not received, would not have any Material Adverse Effect on the ability of Sahara to consummate the transactions contemplated hereby;
- (h) the authorized capital of Sahara consists of an unlimited number of Sahara Shares and an unlimited number of preferred shares, of which, as at the date hereof, 24,058,406 Shares are issued and outstanding, all of which were issued as fully paid and non-assessable;
- (i) no person has any agreement, option, warrant, right or privilege capable of becoming an agreement for the purchase, subscription or issuance of any unissued Sahara Shares or other securities of Sahara, other than in respect of the Sahara Options and the Sahara Debentures;
- (j) Sahara owns all the securities of Sahara Energy (USA) Corp. and no person has any agreement, option, warrant, right or privilege capable of becoming an agreement for the purchase, subscription or issuance of any unissued shares or other securities of Sahara Energy (USA) Corp.;
- (k) other than as disclosed in the Sahara Public Record, since December 31, 2006: (i) there has been no Material Adverse Change in respect of Sahara (or any condition, event or development involving a prospective change that

would result in a Material Adverse Change to, or have a Material Adverse Effect on, Sahara); (ii) Sahara has conducted its businesses only in the ordinary and normal course; and (iii) no liability or obligation of any nature (whether absolute, accrued, contingent or otherwise) material to Sahara has been incurred other than in the ordinary and normal course of business;

- (l) Sahara has made available to DeGolyer prior to the issuance of the DeGolyer Sahara Report for the purposes of preparing such report, all information requested by DeGolyer which information did not contain any material misrepresentation at the time such information was so provided. Sahara has no knowledge of any change in any reserves information provided to DeGolyer since the date that such information was so provided which would result in any Material Adverse Change to the quantity or pre-tax present worth value of estimated future net revenue values of Sahara as set out in the DeGolyer Sahara Report as at the effective date thereof. Sahara believes that the DeGolyer Sahara Report reasonably presents the quantity and pre-tax present worth value of estimated future net revenue values of oil and natural gas reserves of Sahara as at the effective date thereof in respect of reserves information therein based upon information available in respect of such reserves at the time each such report was prepared and the price assumptions contained therein. Sahara has not requested DeGolyer to evaluate any of the Sahara's reserves subsequent to the effective date of the DeGolyer Sahara Report;
- (m) other than as disclosed in the Sahara Public Record, Sahara is not aware of any pending or threatened action, suit, proceeding or inquiry which, in aggregate, could have a Material Adverse Effect on: (i) the quantity and pre-tax present value of estimated future net revenue values of oil and natural gas reserves of Sahara as shown in the DeGolyer Sahara Report; (ii) the current production of Sahara; or (iii) the current cash flow of Sahara;
- (n) other than as disclosed in the Sahara Public Record, there are no outstanding, or to the knowledge of Sahara, threatened claims, suits, actions or proceedings against Sahara which, if determined adversely to Sahara, would have a Material Adverse Effect on the assets, liabilities, business or operations of Sahara, taken as a whole, or on the ability of Sahara to consummate the transactions contemplated hereby;
- (o) the Sahara Financial Statements were prepared in accordance with GAAP (except (i) as otherwise indicated in such financial statements and the notes thereto or, in the case of audited statements, in the related report of Sahara's independent auditors or (ii) in the case of unaudited interim statements, to the extent they may not include footnotes, are subject to normal year end adjustments or may be condensed or summary statements), and fairly present, in accordance with GAAP, consistently applied, the consolidated financial position, results of the operations and changes in financial position of Sahara as of the dates thereof and for the periods indicated therein (subject, in the case of any unaudited interim financial statements, to normal year-end audit adjustments) and reflect appropriate and adequate reserves in respect of contingent liabilities, if any, of Sahara on a consolidated basis; further there has been no change in Sahara's accounting policies except as described in the notes to Sahara's Financial Statements, since January 1, 2007;
- (p) there exists no default or event of default or event, occurrence, condition or act which, with the giving of notice, the lapse of time or the happening of any other event or condition, would become a default or event of default under any agreements and instruments having application to Sahara's assets and to which it is a party or is bound except for such non-compliance which is not expected to have a Material Adverse Effect on Sahara or its assets;
- (q) Sahara does not have any material liabilities of any nature (matured or unmatured, fixed or contingent), other than:
 - (i) those set forth or adequately provided for in the most recent balance sheet and associated notes thereto included in the Sahara Financial Statements (the "**Sahara Balance Sheet**");
 - (ii) those incurred in the ordinary course of business and not required to be set forth in the Sahara Balance Sheet under GAAP;
 - (iii) those incurred in the ordinary course of business since the date of the Sahara Balance Sheet and consistent with past practice; and
 - (iv) those incurred in connection with the execution of this Agreement.

- (r) Sahara has conducted and is conducting its business in accordance with good oilfield practices and in compliance in all material respects with all Applicable Laws and, in particular, all applicable licensing and environmental legislation, regulations or by-laws or other lawful requirements of any governmental or regulatory bodies applicable to Sahara in each jurisdiction in which it carries on business and holds all licenses, registrations and qualifications material to its business and assets in all jurisdictions in which it carries on business (and in each case where the failure to so conduct business or be in such compliance would have a Material Adverse Effect on the business of Sahara), which are necessary or desirable to carry on the business of each of Sahara as now conducted, and none of such licenses, registrations or qualifications contains any term, provision, condition or limitation not incurred or created in the ordinary course of business and which will have a Material Adverse Effect, financial or otherwise, on the business of Sahara, taken as a whole;
- (s) no officer, director, employee or consultant of Sahara, any associate or affiliate of any such person or any party not at arm's length to Sahara owns, has or is entitled to any royalty, net profits interest, carried interest or other Encumbrances of any nature whatsoever which are based on production from Sahara's properties or assets or any revenue or rights attributed thereto;
- (t) to the best of the knowledge of Sahara, except to the extent that any violation or other matter referred to in this section does not have a Material Adverse Effect, financial or otherwise, on the business, assets, properties, condition (financial or otherwise), results of operations or prospects of Sahara, taken as a whole:
- (i) it is not in violation of any applicable Environmental Laws;
 - (ii) it has operated its business at all times and has received, handled, used, stored, treated, shipped and disposed of all contaminants without violation of Environmental Laws;
 - (iii) other than has been publicly disclosed, there has not occurred any material spills, releases, deposits or discharges of hazardous or toxic substances, contaminants or wastes which have not been rectified on any of the real property owned or leased by Sahara or under its control;
 - (iv) no orders, directions or notices from any regulatory authority have been issued and remain outstanding pursuant to any Environmental Laws relating to the business or assets of Sahara and, to the knowledge of Sahara, no such orders, directions or notices are contemplated;
 - (v) it has not failed to report to the proper Governmental Authority the occurrence of any event which is required to be so reported by any Environmental Law; and
 - (vi) Sahara holds all licenses, permits and approvals required under Environmental Laws in connection with the operation of its business and ownership and use of its assets, all such licenses, permits and approvals are in full force and effect, and except for (A) notifications and conditions of general application to assets of the type owned by Sahara (B) notifications relating to reclamation obligations under the *Environmental Protection and Enhancement Act* (Alberta), and (C) such notifications as have been disclosed in writing to Mirage, Sahara has not received any notification pursuant to any Environmental Laws that any work, repairs, construction or capital expenditures are required to be made by it as a condition of continued compliance with any Environmental Laws, or any license, permit or approval issued pursuant thereto, or that any license, permit or approval referred to above is about to be reviewed, made subject to limitations or conditions, revoked, withdrawn or terminated;
- (u) Sahara has provided Mirage with copies of all insurance policies currently maintained and the coverage under each of such policies is in full force and effect and Sahara, is not in receipt of any notice of default under such insurance policies, and has no knowledge of any facts, conditions, or circumstances which would likely result in a default under any of such insurance policies;
- (v) Sahara has not entered into any arrangement whereby Sahara will have any liability for financial advisor's, broker's, or finder's fees (including without limitation any disbursements, expenses or costs related to a fairness opinion) in respect of the Arrangement;

- (w) the board of directors of Sahara has approved the Arrangement and this Agreement;
- (x) Sahara is a "reporting issuer" in the provinces of British Columbia, Alberta, and Ontario within the meaning of the Applicable Laws in such provinces and is not in default of any material requirement of Applicable Laws in any material respect;
- (y) Sahara has not waived the applicability of any "standstill" or other provisions of any confidentiality agreements entered into by Sahara which have not automatically expired by their terms;
- (z) although it does not warrant title:
 - (i) Sahara has no reason to believe that it does not have the right, subject to Applicable Laws and to applicable title documents, to produce and sell its petroleum, natural gas and related hydrocarbons (for the purposes of this clause, the foregoing are referred to as the "**Interests**") and represents and warrants that, except as disclosed in the Sahara Public Record, the Interests are free and clear of adverse claims created by, through or under Sahara, except those arising in the ordinary course of business and, to the best of its knowledge after due inquiry, Sahara holds the Interests under valid and subsisting leases, licenses, permits, concessions, concession agreements, contracts, subleases, reservations or other agreements; and
 - (ii) Sahara is not aware of any defects, failures or impairments in the title of Sahara to its oil and gas properties, whether or not an action, suit, proceeding or inquiry is pending or threatened and whether or not discovered by any third party, which in aggregate could have a Material Adverse Effect on: (a) the quantity and pre-tax present worth values of the oil and natural gas reserves of Sahara as shown in the DeGolyer Sahara Report; (b) the current production of Sahara; or (c) the current cash flow of Sahara;
- (aa) information and statements set forth in the Sahara Public Record are true, correct and complete in all material respects and do not contain any misrepresentations (as defined in the *Securities Act* (Alberta)), as of the respective dates of such information or statements and no material change has occurred in relation to Sahara which is not disclosed in the Sahara Public Record, and Sahara has not filed any confidential material change reports which are still maintained on a confidential basis;
- (bb) the minute books of Sahara and Sahara Energy (USA) Corp. are true and correct in all material respects and contain the minutes of all meetings and all resolutions of the directors or shareholders thereof;
- (cc) to the best of its knowledge, Sahara has duly and timely filed, in all material respects, in proper form, returns in respect of taxes under the *Income Tax Act* (Canada), the *Excise Tax Act* (Canada), the *Alberta Corporate Tax Act* and the tax legislation of any other province of Canada or any foreign country having jurisdiction over its affairs for all prior periods in respect of which such filings have heretofore been required, and all taxes shown thereon and all taxes now owing have been paid or accrued on its books and there are no outstanding agreements or waivers extending the statutory period of limitations applicable to any federal, provincial or other tax return for any period, and all payments to any non-resident of Canada have been made in accordance with all applicable legislation in respect of withholding tax, it is not aware of any contingent tax liabilities or any grounds for reassessment, there are no material assessments or reassessments pursuant to which there are amounts owing or discussions in respect thereof with any taxing authority and it has withheld from each payment made to any of its directors, officers and employees and former directors, officers and employees the amount of all taxes (including, without limitation, income tax) and other deductions required to be withheld therefrom and has paid the same to the proper tax or other authority within the time required under any applicable tax legislation and has remitted to the proper tax authority when required by law to do so, all amounts collected by it on account of goods and services tax and it is a "taxable Canadian corporation" for the purpose of the *Income Tax Act* (Canada);
- (dd) all filings made by it under which it has received or is entitled to government incentives have been made in accordance, in all material respects, with all applicable legislation and contain no misrepresentations of material fact or omit to state any material fact which could cause any amount previously paid or previously accrued on its accounts to be recovered or disallowed;

- (ee) since December 31, 2006, Sahara has not, directly or indirectly, paid, declared or authorized any dividends or other distributions in respect of its outstanding shares and has not, directly or indirectly, redeemed, purchased, cancelled or otherwise acquired any of its outstanding shares or agreed to do any of the foregoing;
- (ff) all necessary corporate actions have been taken to authorize the issuance of the Sahara Shares to be issued pursuant to the Arrangement and such Sahara Shares have been reserved for issuance in connection therewith and when issued pursuant to the Arrangement will be validly issued as fully paid and non-assessable;
- (gg) Olympia, at its principal offices in Calgary, Alberta, is the duly appointed registrar and transfer agent for the Sahara Shares;
- (hh) the Sahara Information shall be true, complete and accurate in all material respects and shall not contain any misrepresentation (as defined in the *Securities Act* (Alberta)); and
- (ii) no securities commission or similar regulatory authority has issued any order preventing or suspending trading of any securities of Sahara.

ARTICLE 4 COVENANTS

4.1 Mutual Covenants

Each of the parties to this Agreement covenants and agrees that, until the Effective Date or the day upon which this Agreement is terminated, whichever is earlier, it:

- (a) will use its reasonable commercial efforts to satisfy or cause the satisfaction of the conditions precedent to its obligations hereunder set forth in Article 5 to the extent the same are within its control and to take, or cause to be taken, all other actions and to do, or cause to be done, all other things necessary, proper or advisable under Applicable Laws to complete the Arrangement, including using its reasonable commercial efforts:
 - (i) to obtain all necessary waivers, consents and approvals required to be obtained by it from other parties to loan agreements, leases and other contracts;
 - (ii) to obtain all necessary consents, approvals and authorizations as are required to be obtained by it under any Applicable Laws; and
 - (iii) to effect all necessary registrations and filings and submissions of information requested by Governmental Authorities required to be effected by it in connection with the Arrangement;

for purposes of the foregoing, the obligation to use "reasonable commercial efforts" to obtain waivers, consents and approvals to loan agreements, leases and other contracts shall not include any obligation to agree to a material adverse modification to the terms of such documents or to prepay or incur additional material obligations to other parties;
- (b) will provide the other party for its review a copy of any press release relating in any way to the Arrangement at least one Business Day prior to the filing thereof unless otherwise agreed;
- (c) will use its reasonable commercial efforts to cooperate with the other party in connection with the performance by it of its obligations hereunder;
- (d) will cooperate with the other party and its tax advisors in structuring the Arrangement in a tax efficient manner, including, any internal corporate reorganization of Mirage or Sahara, and assist the other party and its tax advisors in making such inquiries as that party and its advisors consider necessary, acting reasonably, provided that Mirage shall not be obligated to consent or agree to any structuring that has the effect of reducing the consideration to be received under the Arrangement by any of its securityholders;

- (e) each party will make available and cause to be made available to the other party to this Agreement, and its agents and advisors, as soon as possible, all documents and agreements in any way relating to or affecting its business, financial condition, operations, prospects, properties, assets and affairs, and such other documents or agreements as may be necessary to enable such other party to effect a thorough investigation of its business, properties and financial status, except where it is contractually precluded from making such document or agreement available, in which case it shall cooperate with the other party in securing access to any such documentation not in its possession or under its control;
- (f) will not take any action, refrain from taking any action, or permit any action inconsistent with this Agreement or which might, directly or indirectly, interfere with or adversely affect the completion of the Arrangement; and
- (g) will use its reasonable commercial efforts to cause the Effective Date to occur on or about March 31, 2008.

4.2 **Covenants of Sahara**

Sahara covenants and agrees that, until the Effective Date or the day upon which this Agreement is terminated, whichever is earlier, except as required by law or as otherwise expressly permitted by Mirage or contemplated by this Agreement, it will:

- (a) provide to Mirage in a timely and expeditious manner all information as may be reasonably requested by Mirage or as required by the Interim Order or Applicable Laws with respect to Sahara and its business and properties for inclusion in the Information Circular or in any amendments or supplements to the Information Circular complying in all material respects with all applicable legal requirements on the date of mailing thereof;
- (b) indemnify and save harmless Mirage and Mirage's directors, officers, employees and agents from and against all claims, suits, actions, causes of action, liabilities, damages, costs, charges and expenses to which Mirage, or any director, officer, employee or agent thereof, may be subject or for which Mirage, or any directors, officers, employees or agents thereof, may suffer, whether under the provisions of any statute or otherwise, in any way caused by, arising, directly or indirectly, from or in consequence of any misrepresentation or alleged misrepresentation based solely on the Sahara Information contained in the Information Circular;
- (c) use reasonable commercial efforts to maintain in force its current policies of insurance and pay all premiums in respect of such insurance policies that become due after the date hereof;
- (d) forthwith carry out the terms of the Interim Order and the Final Order, to the extent applicable to Sahara, provided that nothing shall require Sahara to consent to any modifications of this Agreement, the Plan of Arrangement or Sahara's obligations hereunder;
- (e) cause to be taken all necessary action to allot and reserve for issuance the Sahara Shares and on the Effective Date cause to be delivered to the Depositary that number of fully paid and non-assessable Sahara Shares, to be issued in exchange for Mirage Shares in connection with the Arrangement;
- (f) make all other necessary filings and applications under Applicable Laws required on the part of Sahara in connection with the transactions contemplated hereby and take all reasonable action necessary to be in compliance with such laws and regulations;
- (g) furnish promptly to Mirage (i) a copy of each notice, report, schedule or other document delivered, filed and received by Sahara in connection with the Arrangement and the Meeting, (ii) any filings under Applicable Laws, and (iii) any documents related to dealings with regulatory agencies in connection with the transactions contemplated hereby;
- (h) not take any action that would render, or may reasonably be expected to render, any representation or warranty made by it in this Agreement untrue in any material respect at any time;

- (i) not take any action, refrain from taking any action or permit any action to be taken or not taken, inconsistent with this Agreement, which might directly or indirectly interfere with or affect the consummation of the Arrangement;
- (j) promptly notify Mirage in writing of any material change (actual, anticipated, contemplated or, to its knowledge, threatened), financial or otherwise, in its business, operations, affairs, assets, capitalization, financial condition, prospects, licenses, permits, rights, privileges or liabilities, whether contractual or otherwise, of Sahara (taken as a whole) or of any change in any representation or warranty provided by Sahara in this Agreement which change is or may be of such a nature to render any representation or warranty misleading or untrue in any material respect and Sahara shall in good faith discuss with Mirage any change in circumstances (actual, anticipated, contemplated, or, to its knowledge, threatened) which is of such a nature that there may be a reasonable question as to whether notice need be given to Mirage pursuant to this provision;
- (k) continue to be a "reporting issuer" not in default in British Columbia, Alberta and Ontario in material compliance with all Applicable Laws;
- (l) conduct its business only in the usual and ordinary course of business and consistent with past practices (for greater certainty, where it is an operator of any property, it shall operate and maintain such property in a proper and prudent manner in accordance with good industry practice and the agreements governing the ownership and operation of such property) and it shall use all commercially reasonable efforts to maintain and preserve its business assets and advantageous relationships;
- (m) prior to the Effective Date, cooperate with Mirage in making the application to list the Sahara Shares to be issued upon the Arrangement and the Sahara Shares to be issued pursuant to the assumption by Sahara of Mirage's obligations pursuant to the Mirage Debentures, on the TSXV;
- (n) assume Mirage's obligations pursuant to the Mirage Debentures such that after the Effective Date the Mirage Debentures will be convertible into securities of Sahara and take any necessary action to effect such assumption on or prior to the Effective Time;
- (o) assume Mirage's obligations, to incur or renounce to investors Canadian exploration expense and Canadian development expense, each as defined under the Income Tax Act (Canada), pursuant to flow-through subscription agreements to which Mirage is a party and take any necessary action to effect such assumption on or prior to the Effective Time;
- (p) not directly or indirectly: (i) amend its constating documents; (ii) declare, set aside or pay any dividend or other distribution or payment (whether in cash, shares or property) in respect of the Sahara Shares owned by any Person; (iii) redeem, purchase or otherwise acquire any of the outstanding Sahara Shares or other securities except as permitted herein; (iv) split, combine or reclassify any of its securities; (v) adopt a plan of liquidation or resolutions providing for the liquidation, dissolution, merger, consolidation or reorganization of Sahara; or (vi) enter into or modify any contract, agreement, commitment or arrangement with respect to any of the foregoing, except with the prior written consent of Mirage or as otherwise contemplated hereby;
- (q) on the Effective Date, provide to the Depositary an irrevocable direction authorizing and directing such depositary to deliver the Sahara Shares issuable pursuant to the Arrangement to Mirage Shareholders in accordance with the terms of the Arrangement; and
- (r) use reasonable commercial efforts to obtain the consent of its lenders and any other third party consents required to complete the Arrangement and to provide the same to Mirage on or prior to the Effective Date.

4.3 Covenants of Mirage

Mirage covenants and agrees that, until the Effective Date or the day upon which this Agreement is terminated, whichever is earlier, except as required by law or as otherwise expressly permitted by Sahara or contemplated by this Agreement, it will:

- (a) prior to obtaining the Interim Order, enter into agreements with the holders of all of the Mirage Options pursuant to which holders of the Mirage Options will agree to have their Mirage Options cancelled for nominal consideration therefore;
- (b) forthwith carry out the terms of the Interim Order and the Final Order provided that nothing shall require Mirage to consent to any modifications of this Agreement, the Plan of Arrangement or Mirage's obligations hereunder;
- (c) subject to the provisions hereof, including Section 4.2(a), in a timely and expeditious manner:
 - (i) convene the Meeting and distribute copies of the Information Circular, which shall include a copy of this Agreement or a written summary thereof prepared by Mirage in form and substance reasonably satisfactory to Sahara, in each case as ordered by the Interim Order;
 - (ii) provide notice to Sahara of the Meeting and allow Sahara's representatives to attend the Meeting unless such attendance is prohibited by the Interim Order;
 - (iii) solicit proxies to be voted at the Meeting in favour of the Arrangement Resolution;
 - (iv) conduct the Meeting in accordance with the Interim Order, the by-laws of Mirage and any instrument governing such meeting, as applicable, and as otherwise required by law;
- (d) subject to compliance by Sahara with section 4.2(a), Mirage will prepare (in consultation with Sahara), file and distribute to Mirage Shareholders in a timely and expeditious manner, the Information Circular and any amendments or supplements thereto, all as required by law, in all jurisdictions where the same is required, complying in all material respects with all Applicable Laws and, without limiting the generality of the foregoing, Mirage will ensure that the Information Circular provides Mirage Shareholders with information in sufficient detail to permit them to form a reasoned judgment concerning the matters before them, and will set out the Sahara Information in the Information Circular in the form approved by Sahara and shall include, without limitation, (i) the financial statements in respect of prior acquisitions, if necessary, made by Mirage that are required to be included therein in accordance with Applicable Laws prepared in accordance with Applicable Laws; (ii) statements to the effect that as the board of directors of Mirage is not able to approve the Arrangement and the Arrangement Agreement pursuant to the provisions of the ABCA due to the fact that all the directors of Mirage are also directors of Sahara that the Arrangement and the entering into of the Arrangement Agreement is subject to the ratification and approval by the Mirage Shareholders of the Corporation; and (iii) the fairness opinion by the Mirage Financial Advisor that the consideration to be received under the Arrangement is fair, from a financial point of view, to Mirage Shareholders; provided that, notwithstanding the covenant of Mirage in this section prior to the completion of the Arrangement, the board of directors of Mirage may decide not to proceed with the Arrangement if, in the opinion of such board of directors acting reasonably, having received the advice of its outside legal counsel which is reflected in minutes of the meeting of the board of directors (a copy of which shall be provided to Sahara), such withdrawal, modification or change is required to act in a manner consistent with the fiduciary duties of the board of directors of Mirage;
- (e) except for proxies and other non-substantive communications with securityholders, furnish promptly to Sahara (i) a copy of each notice, report, schedule or other document delivered, filed or received by Mirage in connection with the Arrangement and the Meeting, (ii) any filings under Applicable Laws in connection with the Arrangement and the Meeting, and (iii) any documents related to dealings with regulatory agencies in connection with the transactions contemplated hereby;
- (f) make all other necessary filings and applications under Applicable Laws required on the part of Mirage in connection with the transactions contemplated hereby and take all reasonable action necessary to be in compliance with such laws and regulations;
- (g) Mirage shall indemnify and save harmless Sahara and the directors, officers and agents of Sahara from and against any and all liabilities, claims demands, losses, costs, damages and expenses (excluding any loss of profits or consequential damages) to which Sahara, or any director, officer or agent thereof, may be subject or which Sahara, or any director, officer or agent thereof, may suffer or incur, whether under the provisions of any statute or

otherwise, in any way caused by, or arising, directly or indirectly, from or in consequence of any misrepresentation or alleged misrepresentation in the Information Circular (other than arising solely from any misrepresentation or alleged misrepresentation in the Sahara Information);

- (h) continue to be a "reporting issuer" not in default in British Columbia and Alberta in material compliance with all Applicable Laws;
- (i) conduct its business only in the usual and ordinary course of business and consistent with past practices (for greater certainty, where it is an operator of any property, it shall operate and maintain such property in a proper and prudent manner in accordance with good industry practice and the agreements governing the ownership and operation of such property) and it shall use all commercially reasonable efforts to maintain and preserve its business assets and advantageous relationships, provided that upon notice to Sahara it will be entitled and authorized to comply with all pre-emptive rights, first purchase rights or rights of first refusal that are applicable to its assets and become operative by virtue of this Agreement or any of the transactions contemplated by this Agreement;
- (j) not directly or indirectly: (i) amend its constating documents; (ii) declare, set aside or pay any dividend or other distribution or payment (whether in cash, shares or property) in respect of the Mirage Shares owned by any Person; (iii) issue (other than on exercise or conversion of currently outstanding Mirage Options or Mirage Debentures), grant, sell or pledge or agree to issue, grant, sell or pledge any shares of Mirage, or securities convertible into or exchangeable or exercisable for, or otherwise evidencing a right to acquire, Mirage Shares; (iv) redeem, purchase or otherwise acquire any of the outstanding Mirage Shares or other securities except as permitted herein; (v) split, combine or reclassify any of its securities; (vi) adopt a plan of liquidation or resolutions providing for the liquidation, dissolution, merger, consolidation or reorganization of Mirage; or (vii) enter into or modify any contract, agreement, commitment or arrangement with respect to any of the foregoing, except with the prior written consent of Sahara or as otherwise contemplated hereby;
- (k) not (i) grant to any officer or director an increase in compensation in any form, (ii) grant any general salary increase, (iii) take any action with respect to the amendment or grant of any severance or termination pay policies or arrangement for any directors, officers or employees except as required to fulfill its obligations in accordance with this Agreement; (iv) amend (other than to permit accelerated vesting of currently outstanding Mirage Options) any stock option plan or the terms of any outstanding Mirage Options; or (v) advance any loan to any officer, director or any other party not at arm's length, other than as may be agreed to by the parties hereto;
- (l) not adopt or amend or make any contribution to any bonus, employee benefit, profit sharing, common share, deferred compensation, insurance, incentive compensation, other compensation or other similar plan, agreement, common share incentive or purchase plan, fund or arrangement for the benefit of employees, except as is necessary to comply with the law or with respect to existing provisions of any such plans, programs, arrangement or agreements;
- (m) use reasonable commercial efforts to maintain in force its current policies of insurance and will pay all premiums in respect of such insurance policies that become due after the date hereof;
- (n) use reasonable commercial efforts to obtain the consent of its lenders and any other third party consents required to complete the Arrangement and to provide the same to Sahara on or prior to the Effective Date;
- (o) not take any action that would render, or may reasonably be expected to render, any representation or warranty made by it in this Agreement untrue in any material respect at any time;
- (p) not take any action, refrain from taking any action or permit any action to be taken or not taken, inconsistent with this Agreement, which might directly or indirectly interfere with or affect the consummation of the Arrangement;
- (q) promptly notify Sahara in writing of any material change (actual, anticipated, contemplated or, to its knowledge, threatened), financial or otherwise, in its business, operations, affairs, assets, capitalization, financial condition, prospects, licenses, permits, rights, privileges or liabilities, whether contractual or otherwise, of Mirage (taken as a whole) or of any change in any representation or warranty provided by Mirage in this Agreement which change is or

may be of such a nature to render any representation or warranty misleading or untrue in any material respect and Mirage shall in good faith discuss with Sahara any change in circumstances (actual, anticipated, contemplated, or, to its knowledge, threatened) which is of such a nature that there may be a reasonable question as to whether notice need be given to Sahara pursuant to this provision; and

- (r) promptly advise Sahara of the number of Mirage Shares for which Mirage receives notices of dissent or written objections to the Arrangement or notices to appear in connection with application for the Final Order and provide Sahara with copies of such notices and written objections.

ARTICLE 5 CONDITIONS

5.1 Mutual Conditions

The respective obligations of Sahara and Mirage to complete the transactions contemplated hereby are subject to fulfillment of the following conditions on or before the Effective Date or such other time as is specified below:

- (a) the Interim Order shall have been granted on or before March 15, 2008 in form and substance satisfactory to Sahara and Mirage, acting reasonably, and such order shall not have been set aside or modified in a manner unacceptable to Sahara and Mirage, acting reasonably, on appeal or otherwise;
- (b) a resolution shall have been passed by the Mirage Shareholders at the Meeting, ratifying and approving the Arrangement Agreement and duly approving the Arrangement, with or without amendment, in accordance with the Interim Order and in form and substance satisfactory to each of Sahara and Mirage, acting reasonably;
- (c) the Final Order shall have been granted in form and substance satisfactory to Sahara and Mirage, acting reasonably;
- (d) the Articles of Arrangement relating to the Arrangement shall be in form and substance satisfactory to Sahara and Mirage, acting reasonably;
- (e) the Arrangement shall have become effective on or prior to April 15, 2008 or such later date as agreed to in writing by Sahara and Mirage, acting reasonably;
- (f) each of Mirage and Sahara shall have obtained all consents, approvals and authorizations, regulatory or otherwise, including third party approvals and consents, required or necessary to be obtained by it in connection with the transactions contemplated hereby on terms and conditions reasonably satisfactory to the other party, acting reasonably;
- (g) the TSXV shall have conditionally approved the listing of the Sahara Shares to be issued pursuant to the Arrangement and the Mirage Debentures as assumed by Sahara pursuant to the Arrangement, subject only to the filing of required documents which cannot be filed prior to the Effective Date;
- (h) there shall be no action taken under any existing Applicable Laws or regulation, nor any statute, rule, regulation or order which is enacted, enforced, promulgated or issued by any court, Governmental Authority or similar agency, domestic or foreign, that:
 - (i) makes it illegal or otherwise directly or indirectly restrains, enjoins or prohibits the Arrangement or any other transactions contemplated hereby;
 - (ii) has the effect or may have the effect to cease trade, enjoin, prohibit or impose material limitations on trading in the Sahara Shares or Mirage Shares;
 - (iii) results in a judgment or assessment of material damages, directly or indirectly, relating to the transactions contemplated hereby;

- (iv) prohibits Sahara's or Mirage's ownership or operation of all or any material portion of the business or assets of Sahara or Mirage, respectively, or compels Sahara or Mirage to dispose of or hold separately all or any portion of the business or assets of Sahara or Mirage, respectively;
- (v) imposes or confirms material limitations on the ability of Sahara to effectively exercise full rights of ownership of the Mirage Shares, including, without limitation, the right to vote any such securities; or
- (vi) imposes or confirms material limitations on the ability of the Mirage Shareholders to effectively exercise full rights of ownership of the Sahara Shares issued pursuant to the Arrangement, including, without limitation, the right to vote any such securities.

The foregoing conditions are for the mutual benefit of Sahara and Mirage and may be waived, in whole or in part, by mutual agreement in writing of Sahara and Mirage at any time. If any of the said conditions precedent shall not be complied with or waived on or before the date required for the performance thereof, Sahara or Mirage may, in addition to the other remedies it may have at law or in equity, rescind and terminate this Agreement by written notice to the other party provided prior to filing of the Articles of Arrangement for the purpose of giving effect to the Arrangement, which notice shall specify in reasonable detail the matters which the party delivering such notice is asserting as the basis of the non-fulfillment of the applicable condition precedent.

5.2 Sahara's Conditions

The obligation of Sahara to complete the transactions contemplated hereby is subject to fulfilment of the following conditions on or before the Effective Date or such other time as specified below:

- (a) prior to the Effective Time, all holders of Mirage Options shall have executed agreements with Mirage providing for the cancellation of such Mirage Options if not exercised prior to the Effective Time;
- (b) prior to the date of mailing of the Information Circular, Mirage shall have received a satisfactory fairness opinion in writing from the Mirage Financial Advisor that the consideration to be received under the Arrangement is fair, from a financial point of view, to the Mirage Shareholders;
- (c) except as affected by transactions contemplated by this Agreement, the representations and warranties made by Mirage in this Agreement shall be true and correct in all material respects as of the date hereof and as of the Effective Date as if made on and as of such date (except to the extent such representations and warranties speak as of an earlier date or as permitted herein) and Mirage shall have provided to Sahara a certificate of two senior officers of Mirage certifying such accuracy on the Effective Date and Sahara shall have no knowledge to the contrary;
- (d) there shall be no outstanding or threatened claims, suits, actions or proceedings against Mirage or all such outstanding or threatened claims, suits, actions or proceedings against Mirage will have been settled to the satisfaction of Sahara, acting reasonably;
- (e) Mirage shall have complied in all material respects with its covenants herein and shall have provided to Sahara a certificate of two senior officers of Mirage certifying that it has complied with such covenants and Sahara shall have no knowledge to the contrary;
- (f) no Material Adverse Change shall occur in the assets, liabilities, affairs, operations, business or prospects of Mirage, from and after the date hereof and prior to the Effective Date, and no Material Adverse Change shall occur in the financial condition of Mirage, after the date hereof and prior to the Effective Date from that reflected in the Mirage Financial Statements;
- (g) no act, action, suit, proceeding, objection or opposition shall have been threatened or taken before or by any Governmental Authority, by any elected or appointed public official or private person in Canada or elsewhere, whether or not having the force of law and no law, regulation, policy, judgment, decision, order, ruling or directive (whether or not having the force of law) shall have been proposed, enacted, promulgated, amended or applied, which in the sole judgment of Sahara, acting reasonably, in either case has had or, if the Arrangement was consummated,

would result in a Material Adverse Change in the affairs, operations or business of Mirage or Sahara or would have a Material Adverse Effect on the ability of the parties to complete the Arrangement;

- (h) the date of the mailing of the Information Circular and other documentation required in connection with the Meeting shall have occurred on or prior to March 15, 2008;
- (i) Mirage shall have obtained all consents, waivers, permissions and approvals necessary to complete the Arrangement by or from relevant third parties, on terms and conditions satisfactory to Sahara, acting reasonably, including without limitation:
 - (i) the approval of the shareholders of Mirage required for the Arrangement pursuant to the ABCA, or as required by the Court;
 - (ii) all applicable regulatory approvals, orders, notices and consents (including, without limitation, under the *Competition Act* (Canada) and all applicable statutory or regulatory waiting periods shall have expired or been terminated;
 - (iii) the approval of the Court; and
 - (iv) the approval or consent of Mirage's bankers, lenders and creditors, as required,
 (collectively, the "**Third Party Approvals**");
- (j) holders of not greater than 5% of the outstanding Mirage Shares shall have exercised rights of dissent in respect of the Arrangement that have not been withdrawn as at the Effective Date;
- (k) Mirage shall have furnished Sahara with certified copies of the resolutions duly passed by its board of directors approving this Agreement and the consummation of the transactions contemplated hereby;
- (l) Mirage shall have furnished Sahara with certified minutes of the Meeting confirming that the Arrangement Resolution was approved by the requisite majority;
- (m) immediately prior to the Effective Time, Sahara shall be satisfied there shall not be more than 26,807,792 Mirage Shares outstanding and Sahara shall be satisfied that upon completion of the Arrangement and the assumption by Sahara of Mirage's obligations pursuant to the Mirage Debentures no person shall have any agreement, option or any right or privilege (whether by law, pre-emptive, by contract or otherwise) capable of becoming an agreement or option for the purchase, subscription, allotment or issuance of any issued or unissued, Mirage Shares;
- (n) Mirage has no outstanding hedging obligations and Mirage will not enter into any financial or physical hedging transactions without Sahara's consent;
- (o) Mirage will provide Sahara with a summary of all standby letters of credit and guarantees; and
- (p) the Effective Date shall have occurred on or prior to April 15, 2008.

The foregoing conditions precedent are for the benefit of Sahara and may be waived in whole or in part by Sahara on written notice to Mirage at any time. If any of the foregoing conditions are not satisfied or waived by Sahara on or before the date required for the performance thereof, Sahara may, in addition to the other remedies it may have at law or equity, rescind and terminate this Agreement by written notice to Mirage provided prior to filing of the Articles of Arrangement for the purpose of giving effect to the Arrangement, which notice shall specify in reasonable detail all breaches of covenants, representations and warranties or other matters which Sahara is asserting on the basis of the non-fulfillment of the applicable condition precedent. Upon such notice being provided this Agreement will terminate on the earlier of the date the condition was to have been satisfied and April 15, 2008 save and except as provided in Section 7.4.

5.3 **Mirage Conditions**

The obligation of Mirage to complete the transactions contemplated hereby is subject to the fulfillment of the following conditions on or before the Effective Date or such other time as specified below:

- (a) except as affected by transactions contemplated by this Agreement, the representations and warranties made by Sahara in this Agreement shall be true in all material respects as of the date hereof and as of the Effective Date as if made on and as of such date (except to the extent such representations and warranties speak as of an earlier date or as permitted herein) and Sahara shall have provided to Mirage a certificate of two senior officers of Sahara certifying such accuracy on the Effective Date and Mirage shall have no knowledge to the contrary;
- (b) Sahara shall have complied in all material respects with its covenants herein and shall have provided to Mirage a certificate of two senior officers of Sahara certifying that it has complied with such covenants and Mirage shall have no knowledge to the contrary;
- (c) no Material Adverse Change shall occur in the assets, liabilities, affairs, operations, business or prospects of Sahara from and after the date hereof and prior to the Effective Date, and no Material Adverse Change shall occur in the financial condition of Sahara from and after the date hereof and prior to the Effective Date from that reflected in the Sahara Financial Statements;
- (d) no act, action, suit, proceeding, objection or opposition shall have been threatened or taken before or by any Governmental Authority, by any elected or appointed public official or private person in Canada or elsewhere, whether or not having the force of law and no law, regulation, policy, judgment, decision, order, ruling or directive (whether or not having the force of law) shall have been proposed, enacted, promulgated, amended or applied, which in the sole judgment of Mirage, acting reasonably, in either case has had or, if the Arrangement was consummated, would result in a Material Adverse Change in the affairs, operations or business of Mirage or Sahara or would have a Material Adverse Effect on the ability of the parties to complete the Arrangement;
- (e) Mirage and Sahara shall have obtained all consents, waivers, permissions and approvals necessary to complete the Arrangement by or from relevant third parties, on terms and conditions satisfactory to Sahara, acting reasonably, including without limitation, the Third Party Approvals;
- (f) Sahara shall have furnished Mirage with certified copies of the resolutions duly passed by its board of directors approving this Agreement and the consummation of the transactions contemplated hereby;
- (g) Sahara shall have received the conditional approval of the TSXV for the listing of the Sahara Shares to be issued pursuant to the Arrangement and the Sahara Shares to be issued pursuant to the assumption by Sahara of Mirage's obligations pursuant to the Mirage Debentures;
- (h) on or prior to the Effective Date Sahara shall have executed such documents and taken such action as is necessary to assume Mirage's obligations pursuant to the Mirage Debentures such that after the Effective Date the Mirage Debentures and the Mirage Warrants will be convertible into securities of Sahara;
- (i) on or prior to the Effective Date Sahara shall have executed such documents and taken such action as is necessary to assume Mirage's obligations to incur or renounce to investors Canadian exploration expense and Canadian development expense, each as defined under the *Income Tax Act* (Canada), pursuant to flow-through subscription agreements to which Mirage is a party; and
- (j) the Effective Date shall have occurred on or prior to April 15, 2008.

The foregoing conditions precedent are for the benefit of Mirage and may be waived, in whole or in part, by Mirage on written notice to Sahara at any time. If any of the foregoing conditions are not satisfied or waived by Mirage on or before the date required for their performance then Mirage may, in addition to the other remedies it may have at law or equity, rescind and terminate this Agreement by written notice to Sahara provided prior to the filing of the Articles of Arrangement, which notice shall specify in reasonable detail all breaches of covenants, representations and warranties or other matters which

Mirage is asserting on the basis of the non-fulfillment of the applicable condition precedent. Upon such notice being provided this Agreement will terminate on the earlier of the date the condition was to have been satisfied and April 15, 2008 save and except as provided in Section 7.4.

5.4 **Satisfaction of Conditions**

The conditions set forth in this Article 5 shall be conclusively deemed to have been satisfied, waived or released when, with the agreement of the parties hereto, the Articles of Arrangement are filed.

ARTICLE 6 RATIFICATION OF AGREEMENT

6.1 **Acknowledgement of Required Ratification and Approval**

Both Sahara and Mirage acknowledge that as all of the directors of Mirage are also directors of Sahara and cannot vote to approve this Agreement pursuant to the provisions of the ABCA the entering into of this Agreement by Mirage is required to be ratified and approved by the Mirage Shareholders. Notwithstanding any other provision of this Agreement, Sahara acknowledges that until such time as this Agreement is ratified and approved by the Mirage Shareholders in accordance with the terms of the Interim Order the obligations of Mirage pursuant to this Agreement will not be binding and enforceable against Mirage and if such ratification and approval by the Mirage Shareholders is not received Sahara agrees that it will not take any action against Mirage to enforce its obligations pursuant to this Agreement.

ARTICLE 7 TERMINATION

7.1 **Termination by Mutual Agreement**

This Agreement may, prior to the filing of the Articles of Arrangement, be terminated by mutual written agreement of Sahara and Mirage.

7.2 **Termination by Sahara**

Notwithstanding any other rights contained herein, Sahara may terminate this Agreement upon notice to Mirage if:

- (a) the Interim Order has been refused or has been granted in form or substance not satisfactory to Sahara, acting reasonably, or has not been granted on or prior to March 15, 2008 or, if issued, has been set aside or modified in a manner unacceptable to Sahara, acting reasonably, on appeal or otherwise;
- (b) the Arrangement is not approved by the Mirage Shareholders in accordance with the terms of the Interim Order on or before April 15, 2008;
- (c) the Final Order has not been granted in form and substance satisfactory to Sahara, acting reasonably, on or prior to April 15, 2008 or, if granted, has been set aside or modified in a manner unacceptable to Sahara, acting reasonably, on appeal or otherwise;
- (d) a court of competent jurisdiction or a governmental, regulatory or administrative agency or commission shall have issued an order, decree or ruling or taken any other action permanently restraining, enjoining or otherwise prohibiting any of the transactions contemplated by this Agreement and such order, decree, ruling or other action shall have become final and non-appealable, provided that the party seeking to terminate this Agreement pursuant to this Section 7.2 shall have used all commercially reasonable efforts to remove such order, decree, ruling or injunction; or
- (e) upon any other circumstances hereunder that give rise to a right of termination of this Agreement by Sahara, as set forth in Sections 5.1 and 5.2 and in accordance therewith.

7.3 **Termination by Mirage**

Notwithstanding any other rights contained herein, Mirage may terminate this Agreement upon notice to Sahara if:

- (a) the Interim Order has been refused or has been granted in form or substance not satisfactory to Mirage, acting reasonably, or has not been granted on or prior to March 15, 2008 or, if issued, has been set aside or modified in a manner unacceptable to Mirage, acting reasonably, on appeal or otherwise;
- (b) the Arrangement is not approved by the Mirage Shareholders in accordance with the terms of the Interim Order on or before April 15, 2008;
- (c) the Final Order has not been granted in form and substance satisfactory to Mirage, acting reasonably, on or prior to April 15, 2008 or, if issued, has been set aside or modified in a manner unacceptable to Mirage, acting reasonably, on appeal or otherwise;
- (d) a court of competent jurisdiction or a governmental, regulatory or administrative agency or commission shall have issued an order, decree or ruling or taken any other action permanently restraining, enjoining or otherwise prohibiting any of the transactions contemplated by this Agreement and such order, decree, ruling or other action shall have become final and non-appealable, provided that the party seeking to terminate this Agreement pursuant to this Section 7.3 shall have used all commercially reasonable efforts to remove such order, decree, ruling or injunction; or
- (e) upon any other circumstances hereunder that give rise to a right of termination of this Agreement by Mirage, including those set forth in Sections 5.1 and 5.3 and in accordance therewith.

7.4 **Effect of Termination**

Except as provided in Section 6.1 the exercise by any party of any right of termination hereunder shall be without prejudice to any other remedy available to such party. If this Agreement is terminated pursuant to any provision of this Agreement, the parties hereto shall return all materials and copies of all materials delivered to them or their agents by each other. Except for the obligations set forth in which shall survive any termination of this Agreement and continue in full force and effect, no party shall have any further obligations to any other party hereunder with respect to this Agreement. Nothing contained in this Article 7 shall relieve any party from any liability for any breach of any provision of this Agreement except as provided in Sections 6.1.

ARTICLE 8 AMENDMENT

8.1 **Amendment**

This Agreement may, at any time and from time to time before or after the holding of the Meeting, be amended by written agreement of the parties hereto without, subject to Applicable Laws, further notice to or authorization on the part of the Mirage Shareholders, provided that, notwithstanding the foregoing, the number of Sahara Shares which the Mirage Shareholders shall have the right to receive on the Arrangement may not be reduced without the approval of the Mirage Shareholders given in the same manner as required for the approval of the Arrangement or as may be ordered by the Court.

ARTICLE 9 GENERAL

9.1 **Expenses**

Except as otherwise provided for herein, each party hereto covenants and agrees to bear its own costs and expenses in connection with the transactions contemplated hereby, whether or not the Arrangement is completed.

9.2 Privacy

The parties hereto acknowledge that they are responsible for compliance at all times with applicable privacy laws which govern the collection, use and disclosure of personal information acquired by or disclosed to the parties pursuant to or in connection with this Agreement (the "**Disclosed Personal Information**"). None of the parties hereto shall use the Disclosed Personal Information for any purposes other than those relating to the performance of this Agreement and the completion of the Arrangement.

9.3 Disclosure

Each party hereto shall receive prior written consent, not to be unreasonably withheld, of the other party prior to issuing or permitting any director, officer, employee, agent or financial advisor to issue any press release or other written statement with respect to this Agreement or the transactions contemplated hereby. Notwithstanding the foregoing, if either party hereto is required by law or administrative regulation to make any disclosure relating to the transactions contemplated hereby, such disclosure may be made, but that party will consult with the other party as to the wording of such disclosure prior to its being made.

9.4 Notices

Any notice, consent, waiver, direction or other communication required or permitted to be given under this Agreement by a party to the other party shall be in writing and may be given by sending same by facsimile transmission or by hand delivery to a responsible person addressed to the party to whom the notice is to be given at its address for service herein. Any notice, consent, waiver, direction or other communication aforesaid shall, if delivered, be deemed to have been given and received on the date on which it was delivered to the address provided herein (if a Business Day and, if not, the next succeeding Business Day) and if sent by facsimile transmission be deemed to have been given and received at the time of receipt unless actually received after 4:00 p.m. at the point of delivery, in which case it shall be deemed to have been given and received on the next Business Day.

The address for service of each of the parties hereto shall be as follows:

if to Sahara: 800, 510-5th Avenue S.W.
Calgary, Alberta T2P 3S2

Attention: Peter Boswell
Fax: (403) 232-1359

with a copy to: Burnet, Duckworth & Palmer LLP
Suite 1400, 350 – 7th Avenue S.W.
Calgary, Alberta T2P 3N9

Attention: Gary Bugeaud
Fax: (403) 260-0332

if to Mirage: 800, 510-5th Avenue S.W.
Calgary, Alberta T2P 3S2

Attention: Rene LaPrade
Fax: (403) 232-1359

with a copy to: Burnet, Duckworth & Palmer LLP
Suite 1400, 350 – 7th Avenue S.W.
Calgary, Alberta T2P 3N9

Attention: Gary Bugeaud
Fax: (403) 260-0332

9.5 **Time of Essence**

Time shall be of the essence in this Agreement.

9.6 **Entire Agreement**

This Agreement constitutes the entire agreement between the parties hereto and cancels and supersedes all prior agreements and understandings between the parties with respect to the subject matter hereof, except the Confidentiality Agreements.

9.7 **Further Assurances**

Each party hereto shall, from time to time, and at all times hereafter, at the request of the other party hereto, but without further consideration, do all such further acts and execute and deliver all such further documents and instruments as shall be reasonably required in order to fully perform and carry out the terms and intent hereof.

9.8 **Governing Law**

This Agreement shall be governed by and construed in accordance with the laws of the Province of Alberta and the laws of Canada applicable therein but the reference to such laws shall not, by conflict of laws rules or otherwise, require the application of the law of any jurisdiction other than the Province of Alberta. Each party hereto hereby irrevocably attorns to the jurisdiction of the courts of the Province of Alberta in respect of all matters arising under or in relation to this Agreement.

9.9 **Execution in Counterparts**

This Agreement may be executed in identical counterparts, each of which is and is hereby conclusively deemed to be an original and the counterparts collectively are to be conclusively deemed to be one instrument. Counterparts delivered by way of facsimile transmission are deemed to be as valid as original counterparts.

9.10 **Waiver**

No waiver by any party hereto shall be effective unless in writing and any waiver shall affect only the matter, and the occurrence thereof, specifically identified and shall not extend to any other matter or occurrence.

9.11 **Enurement and Assignment**

This Agreement shall enure to the benefit of and be binding upon the parties hereto and their respective successors and assigns. This Agreement may not be assigned by any party hereto without the prior written consent of the other party hereto.

9.12 **No Survival of Representations**

The representations and warranties set forth in Article 3 shall terminate on, and may not be relied upon by either party to this Agreement after, the Effective Date.

9.13 **Severability**

If any one or more of the provisions or parts thereof contained in this Agreement should be or become invalid, illegal or unenforceable in any respect in any jurisdiction, the remaining provisions or parts thereof contained herein shall be and shall be conclusively deemed to be, as to such jurisdiction, severable therefrom and:

- (a) the validity, legality or enforceability of such remaining provisions or parts thereof shall not in any way be affected or impaired by the severance of the provisions or parts thereof severed; and

- (b) the invalidity, illegality or unenforceability of any provision or part thereof contained in this Agreement in any jurisdiction shall not affect or impair such provision or part thereof or any other provisions of this Agreement in any other jurisdiction.

IN WITNESS WHEREOF the parties hereto have executed this Agreement as of the date first above written.

SAHARA ENERGY LTD.

Per: "*Pete Boswell*"

Peter Boswell
President and Chief Executive Officer

MIRAGE ENERGY LTD.

Per: "*Rene LaPrade*"

Rene LaPrade
President and Chief Executive Officer

EXHIBIT 1
PLAN OF ARRANGEMENT UNDER SECTION 193
OF THE
BUSINESS CORPORATIONS ACT (ALBERTA)

ARTICLE 1
INTERPRETATION

1.1 Definitions

In this Plan, unless the context otherwise requires, defined terms shall have the following meanings:

"**ABCA**" means the *Business Corporations Act* (Alberta), as amended, including the regulations promulgated thereunder;

"**Arrangement**" means the plan of arrangement under section 193 of the ABCA on the terms and subject to the conditions set out in this Plan;

"**Arrangement Agreement**" means the arrangement agreement dated as of February 25, 2008 between Mirage and Sahara to which this Plan is attached as Exhibit 1;

"**Articles of Arrangement**" means the articles of arrangement in respect of the Arrangement required by the ABCA to be sent to the Registrar after the Final Order is made to give effect to the Arrangement;

"**Business Day**" means, with respect to any action to be taken, any day, other than Saturday, Sunday or a statutory holiday in the place where such action is to be taken;

"**Certificate**" means the certificate or certificates or confirmation of filing which may be issued by the Registrar pursuant to subsection 193(11) of the ABCA;

"**Court**" means the Court of Queen's Bench of Alberta;

"**Depositary**" means Olympia Trust Company or such other person that may be appointed by Sahara for the purpose of receiving deposits of certificates formerly representing Mirage Shares;

"**Dissenting Shareholder**" means a registered Mirage Shareholder that has, as of the Effective Time, validly exercised and not withdrawn the Dissent Rights;

"**Dissent Rights**" means the right of a registered Mirage Shareholder, in accordance with the Interim Order and this Plan, to dissent to the resolution approving the Arrangement and to be paid the fair value of the Mirage Shares in respect of which the holder dissents;

"**Effective Date**" means the effective date of the Arrangement, being the date on which the Articles of Arrangement are filed under the ABCA giving effect to the Arrangement;

"**Effective Time**" means 12:01 a.m. (Mountain Daylight Time) on the Effective Date;

"**Final Order**" means the final order of the Court approving the Arrangement pursuant to subsection 193(9) of the ABCA, as such order may be affirmed, amended or modified by any court of competent jurisdiction;

"**Interim Order**" means the order of the Court pursuant to subsection 193(4) of the ABCA ordering the Meeting and setting out certain declarations and directions in respect of the Arrangement and the holding of the Meeting, as such order may be affirmed, amended or modified by any court of competent jurisdiction;

"**Letter of Transmittal**" means the letter of transmittal to be forwarded to the Mirage Shareholders with the management information circular of Mirage;

"**Meeting**" means the special meeting of the Mirage Shareholders, including any adjournment thereof, that is to be convened as provided by the Interim Order to consider, and if deemed advisable, approve the Arrangement;

"**Mirage**" means Mirage Energy Ltd., a body corporate amalgamated under the ABCA;

"**Mirage Shareholders**" means the registered holders of Mirage Shares;

"**Mirage Shares**" means the common shares in the capital of Mirage as constituted on the date hereof;

"**Plan**" means this plan as amended or supplemented from time to time, and "hereby", "hereof", "herein", "hereunder", "herewith" and similar terms refer to this Plan and not to any particular provision of this Plan;

"**Registrar**" means the Registrar of Corporations appointed pursuant to the ABCA;

"**Sahara**" means Sahara Energy Ltd., a body corporate amalgamated under the ABCA;

"**Sahara Shares**" means common shares of Sahara as constituted on the date hereof; and

"**Share Consideration**" means 0.5 of a Sahara Share for each Mirage Share.

1.2 Interpretation Not Affected by Headings

The division of this Plan into articles, sections, subsections and paragraphs and the insertion of headings are for convenience of reference only and shall not affect in any way the meaning or interpretation of this Plan.

1.3 Article References

Unless the contrary intention appears, references in this Plan to an article, section, subsection, paragraph, exhibit or schedule by number or letter or both refer to the article, section, subsection, paragraph, exhibit or schedule, respectively, bearing that designation in this Plan.

1.4 Number

In this Plan, unless the contrary intention appears, words importing the singular include the plural and vice versa, words importing gender shall include all genders.

1.5 Date for Any Action

In the event that the date on which any action is required to be taken hereunder is not a Business Day in the place where such action is required to be taken, such action shall be required to be taken on the next succeeding day which is a Business Day in such place.

1.6 Currency

Unless otherwise stated, all references in this Plan to sums of money are expressed in lawful money of Canada.

**ARTICLE 2
PURPOSE AND EFFECT OF THE PLAN**

2.1 Purpose of the Plan

The purpose of the Plan is to effect an exchange of all the Mirage Shares for Sahara Shares on the basis provided herein, with the result that Mirage becomes a wholly-owned subsidiary of Sahara.

2.2 Plan Binding

Upon the filing of the Articles of Arrangement and the issue of the Certificate, if any, this Plan shall be binding on Mirage, Sahara and all legal and beneficial holders of Mirage Shares at the Effective Time.

2.3 Filing of the Articles of Arrangement

The Articles of Arrangement and Certificate shall be filed and issued, respectively, with respect to this Arrangement in its entirety. The Certificate shall be conclusive evidence that the Arrangement has become effective and that, subject to the provisions of Section 3.1, each of the provisions of Article 3 has become effective in the sequence and at the time set out therein. If no Certificate is required to be issued by the Registrar pursuant to Subsection 193(11) of the ABCA, the Arrangement shall become effective on the date the Articles of Arrangement are filed with the Registrar pursuant to Subsection 193(10) of the ABCA.

2.4 Plan Part of the Arrangement Agreement

This Plan is made pursuant to, and subject to the provisions of, and forms part of, the Arrangement Agreement.

**ARTICLE 3
THE ARRANGEMENT**

3.1 The Arrangement

Commencing at the Effective Time, each of the events set out below shall occur, and shall be deemed to occur, in the following order, without any further act or formality except as otherwise provided herein:

- (a) all of the Mirage Shares held by Dissenting Shareholders shall be deemed to have been transferred to Sahara, free of any claims, and each Dissenting Shareholder shall cease to have any rights as a shareholder of Mirage other than the right to be paid, in accordance with the Dissent Rights, the fair value of the Mirage Shares with respect to which the Dissenting Shareholder has dissented; and
- (b) all of the issued and outstanding Mirage Shares, other than those held by Dissenting Shareholders, shall be deemed to be transferred to Sahara, free of any claims, for the Share Consideration, without any further act or formality except as provided herein.

**ARTICLE 4
OUTSTANDING CERTIFICATES AND PAYMENTS**

4.1 Mirage Share Certificates

After the Effective Time, each certificate formerly representing Mirage Shares shall represent only the right to receive, in the case of certificates held by Dissenting Shareholders, the fair value of the Mirage Shares represented by such certificates, and, in the case of all other Mirage Shareholders, the number of Sahara Shares the holder of the Mirage Shares represented by the certificate is entitled to in accordance with the terms of the Arrangement upon such holder depositing with the Depositary the certificate and such other documents and instruments as the Depositary may reasonably require.

4.2 Deposit of Consideration by Sahara

At the Effective Time, Sahara shall issue to the Depositary an irrevocable treasury order authorizing the Depositary, as the registrar and transfer agent of Sahara, to issue certificates representing the aggregate number of Sahara Shares to which the Mirage Shareholders are entitled in accordance with the terms of the Arrangement.

4.3 Distribution of Consideration by Depositary

Promptly upon receipt of the treasury order delivered by Sahara pursuant to Section 4.2, the Depositary shall cause certificates representing Sahara Shares, to be forwarded to those persons who have deposited the certificates for such Mirage Shares and such documents and instruments required by the Depositary pursuant to Section 4.1. Such certificates shall be forwarded by first class mail, postage pre-paid, to the person and at the address specified in the relevant Letter of Transmittal or, if no address has been specified therein, at the address specified for the particular holder in the register of holders of Mirage Shares. Certificates mailed pursuant hereto will be deemed to have been delivered at the time of delivery thereof to the post office.

4.4 Lost Mirage Share Certificates

If a certificate representing Mirage Shares has been lost, apparently destroyed or wrongfully taken, the holder of such Mirage Shares shall be entitled to obtain a replacement share certificate representing such Mirage Shares upon contacting the registrar and transfer agent of the Mirage Shares and satisfying such reasonable requirements as may be imposed by Mirage and the transfer agent in this regard.

4.5 Registration of Sahara Shares

The Depositary shall register Sahara Shares in the name of each Mirage Shareholder entitled thereto or as otherwise instructed in the Letter of Transmittal deposited by such Mirage Shareholder and shall deliver such Sahara Shares in accordance with Section 4.3.

4.6 No Interest after the Effective Time

After the Effective Time, the Mirage Shareholders shall not be entitled to any interest, dividend, premium or other payment on or with respect to Mirage Shares other than the Sahara Shares which they are entitled to receive pursuant to the Arrangement.

4.7 Treatment of Fractional Shares

No fractional Sahara Shares will be issued.

4.8 Failure to Deposit Mirage Share Certificate

Any certificate formerly representing Mirage Shares that is not deposited with all other documents required hereunder on or before the fourth anniversary of the Effective Date shall cease to represent a right or claim of any kind or nature and the right of the holder of such Mirage Shares to receive Sahara Shares shall be deemed to be surrendered to Sahara together with all dividends, distributions and any interest thereon held for such holder.

4.9 Dividends

All dividends made in respect of Sahara Shares to which a former Mirage Shareholder is entitled in accordance with the terms of the Arrangement, but for which a certificate representing the Sahara Shares has not been delivered to such Mirage Shareholder in accordance with this Article 4, shall be paid or delivered to the Depositary to be held in trust for such Mirage Shareholder for delivery to the Mirage Shareholder, net of all withholding and other taxes, upon delivery of the certificate in accordance with this Article 4 or surrendered to Sahara pursuant to Section 4.8 hereof, as the case may be.

**ARTICLE 5
DISSENT RIGHTS**

5.1 Dissent Rights

Each registered holder of Mirage Shares shall have the right to dissent with respect to the Arrangement in accordance with the Interim Order. A Dissenting Shareholder shall, at the Effective Time, cease to have any rights as a holder of Mirage Shares and shall only be entitled to be paid the fair value of the holder's Mirage Shares. A Dissenting Shareholder shall be deemed to have transferred the holder's Mirage Shares to Mirage for cancellation at the Effective Time, notwithstanding the provisions of section 191 of the ABCA. A Dissenting Shareholder who, for any reason, is not entitled to be paid the fair value of the holder's Mirage Shares, shall be treated as if the holder had participated in the Arrangement on the same basis as a non-dissenting holder of Mirage Shares, notwithstanding the provisions of section 191 of the ABCA. The fair value of the Mirage Shares, as the case may be, shall be determined as of the close of business on the last business day before the day of the Mirage Meeting. In no event shall Mirage be required to recognize any Dissenting Shareholder as a shareholder of Mirage after the Effective Time and the names of such holders shall be removed from the applicable Mirage register of shareholders as at the Effective Time. For greater certainty, in addition to any other restrictions in section 191 of the ABCA, no person who has voted in favour of the Arrangement shall be entitled to dissent with respect to the Arrangement.

**ARTICLE 6
AMENDMENTS**

6.1 Amendment Prior to the Effective Date

Sahara and Mirage may amend, modify and/or supplement this Plan at any time and from time to time prior to the Effective Date, provided that each such amendment, modification and/or supplement must be: (i) set out in writing, (ii) approved by the other party, (iii) filed with the Court and, if made following the Meeting, approved by the Court and (iv) communicated to Mirage Shareholders, if and as required by the Court.

6.2 Amendment at the Meeting

Any amendment of, modification of or supplement to this Plan may be proposed by Sahara or Mirage at any time prior to or at the Meeting (provided that the other party shall have consented thereto) with or without any other prior notice or communication, and if so proposed and accepted by the persons voting at the Meeting (other than as may be required under the Interim Order), shall become part of this Plan for all purposes.

6.3 Consent of Sahara and Mirage

Any amendment, modification or supplement to this Plan that is approved by the Court following the Meeting shall be effective only if it is consented to by each of Sahara and Mirage.

APPENDIX "B"
INTERIM ORDER

IN THE COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL DISTRICT OF CALGARY

IN THE MATTER OF SECTION 193 OF THE *BUSINESS
CORPORATIONS ACT*, R.S.A. 2000, c. B-9, as amended

AND IN THE MATTER OF A PROPOSED ARRANGEMENT
INVOLVING MIRAGE ENERGY LTD., SAHARA ENERGY LTD.
AND MIRAGE SHAREHOLDERS

BEFORE THE HONOURABLE)
JUSTICE HAWCO) AT THE COURT HOUSE, AT CALGARY,
IN CHAMBERS) ALBERTA, ON THE 28th DAY OF FEBRUARY,
2008.

INTERIM ORDER

UPON the Petition (the "**Petition**") of Mirage Energy Ltd. ("**Mirage**");

AND UPON reading the Petition and the Affidavit of Rene LaPrade, filed;

AND UPON hearing counsel for Mirage;

AND UPON noting that the Executive Director of the Alberta Securities Commission (the "**Executive Director**") has been served with notice of this application as required by subsection 193(8) of the *Business Corporations Act*, R.S.A. 2000, c. B-9 (the "**ABCA**") and that the Executive Director does not propose to appear or be heard on this application;

FOR THE PURPOSES OF THIS ORDER:

- (a) the capitalized terms not defined in this Order shall have the meanings attributed to them in the Information Circular and Proxy Statement of Mirage (the "**Information Circular**"), a draft copy of which is attached as Exhibit A the Affidavit of Rene LaPrade, President and Chief Executive Officer of Mirage, sworn February 28, 2008 (the "**Affidavit**"); and

- (b) all references to "**Arrangement**" used herein mean the plan of arrangement as described in the Affidavit and in the form attached as Exhibit 1 to the Arrangement Agreement, which is attached as Appendix "A" to the Information Circular.

IT IS HEREBY ORDERED AND ADJUDGED THAT:

1. The proposed course of action is an "Arrangement" within the definition of the ABCA and Mirage may proceed with the Plan of Arrangement, as described in the Affidavit.

General

2. Mirage shall seek approval of the Arrangement by the holders of common shares ("**Mirage Shares**") of Mirage ("**Mirage Shareholders**"), in the manner set forth below.

Mirage Meeting

3. Mirage shall call and conduct a special meeting (the "**Mirage Meeting**") of Mirage Shareholders on or about March 28, 2008. At the Mirage Meeting, Mirage Shareholders will consider and vote upon the Mirage Arrangement Resolution and such other business as may properly be brought before the Mirage Meeting or any adjournment thereof, all as more particularly described in the Information Circular.
4. A quorum at the Mirage Meeting shall be two persons entitled to vote thereat holding or representing not less than five percent (5%) of the outstanding Mirage Shares entitled to vote at the Mirage Meeting. If within 30 minutes from the time appointed for the Mirage Meeting a quorum is not present, the Mirage Meeting shall be adjourned to such Business Day that is not less than twenty-one days following the day appointed for the Mirage Meeting, and to such time and place as may be appointed by the Chairman of the Mirage Meeting. If at such adjourned meeting a quorum is not present, the Mirage Shareholders present in person or by proxy, if at least two, shall be a quorum for all purposes.
5. The Mirage Shareholders shall vote in respect of the Mirage Arrangement Resolution together as a single class of securities. Each Mirage Share entitled to be voted at the

Mirage Meeting will entitle the holder to one vote at the Mirage Meeting in respect of the Mirage Arrangement Resolution and the other matters to be considered at the Mirage Meeting. The Board of Directors of Mirage has fixed a record date for the Mirage Meeting of February 26, 2008 (the "**Mirage Record Date**"). Only Mirage Shareholders whose names have been entered on the register of Mirage Shares on the close of business on the Mirage Record Date will be entitled to receive notice of and to vote at the Mirage Meeting in accordance with this paragraph 5. The Mirage Shareholders of record will be entitled to vote those shares included in the list of shareholders entitled to vote at the Meeting prepared as at the Record Date, unless any Mirage Shareholder transfers shares after the Record Date and the transferee of those shares, having produced properly endorsed certificates evidencing such shares or having otherwise established ownership of such shares, demands at least ten (10) days before the Meeting, that the transferee's name be included in the list of Mirage Shareholder entitled to vote at the Meeting, in which case such transferee shall be entitled to vote such shares at the Meeting.

Conduct of Mirage Meeting

6. The Chairman of the Mirage Meeting shall be any officer or director of Mirage.
7. The only persons entitled to attend and speak at the Mirage Meeting shall be Mirage Shareholders or their authorized representatives, Mirage's directors and officers and its auditors, and the Executive Director.
8. The number of votes required to pass the Mirage Arrangement Resolution shall be not less than 66 2/3% of the votes cast by Mirage Shareholders, either in person or by proxy, voting together as a single class, at the Mirage Meeting.
9. To be valid a proxy must be deposited with Mirage in the manner described in the Information Circular.
10. The accidental omission to give notice of the Mirage Meeting or the non-receipt of the notice shall not invalidate any resolution passed or proceedings taken at the Mirage Meeting.

Dissent Rights

11. The registered holders of Mirage Shares are, subject to the provisions of this Order and the Arrangement, accorded the right of dissent under Section 191 of the ABCA with respect to the applicable Arrangement Resolution.
12. In order for a Mirage Shareholder to exercise such right of dissent under subsection 191(5) of the ABCA:
 - (a) written objection to the Mirage Arrangement Resolution must be received by Mirage c/o its counsel Burnet, Duckworth & Palmer LLP, 1400, 350 – 7th Avenue S.W., Calgary, Alberta T2P 3N9, Attention: Shannon Wray by 4:00 p.m. (Calgary time) on the Business Day immediately preceding the date of the Mirage Meeting;
 - (b) a dissenting Mirage Shareholder shall not have voted his or her Mirage Shares at the Mirage Meeting either by proxy or in person, in favour of the Mirage Arrangement Resolution;
 - (c) a holder of Mirage Shares may not exercise the right of dissent in respect of only a portion of the holder's securities but may dissent only with respect to all of the securities held by the holder; and
 - (d) the exercise of such right of dissent must otherwise comply with the requirements of Section 191 of the ABCA, as modified by the Arrangement.
13. The fair value of the Mirage Shares shall be determined as of the close of business on the last Business Day before the day on which the Arrangement is approved by the Mirage Shareholders.
14. Subject to further order of this Court, the rights available to the Mirage Shareholders under the ABCA and the Arrangement to dissent from the Arrangement Resolution shall constitute full and sufficient rights of dissent for the Mirage Shareholders with respect to the Arrangement Resolution.

15. Notice to the Mirage Shareholders of their right of dissent with respect to the Arrangement Resolution and to receive, subject to the provisions of the ABCA and the Arrangement, the fair value of their Mirage Shares shall be given by including information with respect to this right in the Information Circular to be sent to Mirage Shareholders in accordance with paragraph 16 of this Order.

Notice

16. An Information Circular, substantially in the form attached as Exhibit A to the Affidavit with amendments thereto as counsel for Mirage may determine necessary or desirable (provided such amendments are not inconsistent with the terms of this Order), shall be mailed by prepaid ordinary mail, at least 21 days prior to the date of the Mirage Meeting to Mirage Shareholders at the addresses for such holders recorded in the records of Mirage at the close of business on the Mirage Record Date and to the directors and auditors of Mirage. In calculating the 21-day period, the date of mailing shall be included and the date of the Mirage Meeting shall be excluded.
17. An Information Circular as described above shall be provided to the Executive Director by prepaid ordinary mail or delivery at least 21 days prior to the Meeting.
18. Delivery of the Information Circular in the manner directed by this Order shall be deemed to be good and sufficient service upon the Mirage Shareholders, the directors and auditors of Mirage and the Executive Director of:
 - (a) the Petition;
 - (b) this Order;
 - (c) the Notice of the Mirage Meeting; and
 - (d) the Notice of Petition;

all in substantially the forms set forth in the Information Circular, together with instruments of proxy and such other material as Mirage may consider fit.

Final Application

19. Subject to further Order of this Court and provided that the Mirage Shareholders have approved the Arrangement in the manner directed by this Court and the directors of Mirage have not revoked that approval, Mirage may proceed with an application for approval of the Arrangement and the Final Order on March 28, 2008 at 1:30 p.m. or so soon thereafter as counsel may be heard at the Court House, Calgary, Alberta. Subject to the Final Order, and to the filing of the Articles of Arrangement, all Mirage Shareholders, Mirage and Sahara Energy Ltd., and all other persons will be bound by the Arrangement in accordance with its terms.
20. Any Mirage Shareholders, or any other interested party (together, "**Interested Party**") desiring to appear and make submissions at the application for the Final Order is required to file with this Court and serve, upon Mirage, on or before noon on March 21, 2008, a Notice of Intention to Appear including the Interested Party's address for service, together with any evidence or materials which the Interested Party intends to present to the Court. Service of this notice on Mirage shall be effected by service upon the solicitors for Mirage, Burnet, Duckworth & Palmer LLP, 1400, 350 – 7th Avenue SW, Calgary, Alberta, T2P 3N9, Attention: Shannon Wray.
21. In the event that the application for the Final Order is adjourned, only those parties appearing before this Court for the application for the Final Order, and those Interested Parties serving a Notice of Intention to Appear in accordance with paragraph 20 of this Order, shall have notice of the adjourned date.

Leave to Vary Interim Order

22. Mirage is entitled at any time to seek leave to vary this Interim Order upon such terms and the giving of such notice as this Court may direct.

signed "*Justice G.C. Hawk*"

J.C.Q.B.A.

ENTERED at Calgary, Alberta,

February 28, 2008.

Signed "*V.A. Brandt*"

Clerk of the Court of Queen's Bench

APPENDIX "C"
ARRANGEMENT RESOLUTION

BE IT RESOLVED AS A SPECIAL RESOLUTION OF THE HOLDERS OF COMMON SHARES OF MIRAGE ENERGY LTD. (THE "CORPORATION") THAT:

1. the plan of arrangement (the "**Arrangement**") under section 193 of the *Business Corporations Act* (Alberta) (the "**Act**"), in the form attached as Exhibit 1 to the arrangement agreement dated effective as of February 25, 2008 (the "**Arrangement Agreement**") between the Corporation and Sahara Energy Ltd. ("**Sahara**"), a copy of which is attached as Appendix "A" to the Information Circular and Proxy Statement of the Corporation dated February 28, 2008 (the "**Information Circular**"), involving the Corporation, holders of Common Shares in the capital of the Corporation (the "**Shareholders**") and Sahara is hereby authorized and approved;
2. the Arrangement Agreement, as amended (if applicable), is hereby confirmed, ratified and approved;
3. notwithstanding the approval by the Shareholders of this special resolution and/or the approval of the Arrangement by the Court of Queen's Bench of Alberta, the board of directors of the Corporation, subject to the provisions of the Arrangement Agreement, and without further notice to or approval of the Shareholders, may amend the Arrangement Agreement or may decide not to proceed with the Arrangement and to revoke this special resolution at any time prior to the Arrangement becoming effective pursuant to the provisions of the Act; and
4. any one of the officers or directors of the Corporation be and is hereby authorized for and on behalf of the Corporation (whether under its corporate seal or otherwise) to execute and deliver articles of arrangement and all other documents and instruments and to take all such other actions as such officer or director may deem necessary or desirable to implement this resolution and the matters authorized hereby, including the transactions required by the Arrangement and the Arrangement Agreement, such determinations to be conclusively evidenced by the execution and delivery of such documents and other instruments or the taking of any of such actions.

APPENDIX "D"
FAIRNESS OPINION

Suite 835, 401 9th Ave SW,
Calgary AB, T2P 3C5
Tel: (403) 261-6065
Fax: (403) 261-6069



February 28, 2008

CONFIDENTIAL

Mirage Energy Ltd.
Suite 800, 510 5th St SW
Calgary AB, T2P 3S2

Gentlemen:

Salman Partners Inc. (“Salman Partners”) understands that Mirage Energy Ltd. (“Mirage” or the “Company”) and Sahara Energy Ltd. (“Sahara”) have entered into an arrangement agreement dated February 25, 2008 (the “Arrangement Agreement”) pursuant to which Sahara and Mirage have proposed to implement an arrangement (the “Arrangement”) under which each issued and outstanding common share of Mirage shall be transferred to Sahara in exchange for 0.5 of a common share of Sahara (the “Consideration”).

The terms of, and conditions necessary to complete, the Arrangement are to be more fully disclosed in an information circular (“Information Circular”) dated February 28, 2008 prepared in connection with the Arrangement to be mailed to the holders of common shares of Mirage (“Shareholders”) in conjunction with the special meeting (“Meeting”) of the Shareholders to be held in Calgary, Alberta on March 28, 2008.

We understand that the Arrangement is subject to a number of terms and conditions which must be either satisfied or waived. For the Arrangement to be effective, including among other things, the Arrangement must be approved by at least 66 2/3% of the votes cast by the Shareholders present, in person or by proxy at the Meeting

We further understand as all the members of the board of directors of Mirage (the “Board”) are also members of the board of directors of Sahara, such directors cannot approve the Arrangement and the Arrangement Agreement pursuant to the provisions of the *Business Corporations Act (Alberta)*; therefore, the Arrangement and the Arrangement Agreement must be ratified and approved by the Shareholders to be binding and enforceable against Mirage. We understand that the Board recommends that the Shareholders vote in favour of the Arrangement.

In connection with the Arrangement Agreement, Mirage has requested Salman Partners to provide an opinion (the “Opinion”) as to whether the Consideration to be received by the Shareholders pursuant to the Arrangement is fair, from a financial point of view, to the Shareholders.

Engagement of Salman Partners

Salman Partners was contacted regarding a possible amalgamation involving Mirage and Sahara (a “Transaction”) in October 2007 and was formally engaged by Mirage pursuant to an engagement agreement (the “Engagement Agreement”) dated November 26, 2007. Pursuant to the Engagement

Agreement, Mirage retained Salman Partners to provide financial advice with respect to the Transaction and the Opinion.

The terms of the Engagement Agreement provide that Salman Partners is to receive fees at competitive market rates with respect to the Opinion, and is to be reimbursed for its reasonable out-of-pocket expenses. In addition, the Company has agreed to indemnify Salman Partners, in certain circumstances, against certain expenses, losses, claims, actions, damages and liabilities incurred in connection with the provision of its services. The fee payable to Salman Partners is not contingent in whole, or in part, on the success of the Transaction or on the conclusion reached in the Opinion.

Salman Partners has not been engaged to prepare, and has not prepared, a formal valuation of Mirage, Sahara or any of their respective securities or assets and the Opinion should not be construed as such. Salman Partners has, however, conducted such analyses as it considered appropriate and necessary in the circumstances and such analysis supports the conclusion reached in the Opinion.

The Opinion is provided to Mirage in an impartial and objective fashion to assist the Board in discharging its fiduciary obligations. Salman Partners received no instructions from Mirage management or the Board with respect to the conclusions reached in the Opinion. Salman Partners consents to the inclusion of the Opinion in its entirety, or a summary thereof, in a form acceptable to Salman Partners, in the Information Circular and to the filing thereof with the TSX-Venture Exchange and the securities commission or similar regulatory authority in each province of Canada, where such filing is required.

Salman Partners' Credentials

Established in 1994, Salman Partners is an independent, research-driven investment dealer serving institutional, corporate, and individual clients. Salman Partners provides investment banking, equity research, equity trading and financial advisory services to its clients throughout Canada and internationally. Salman Partners has participated in merger and acquisition transactions and is experienced in preparing fairness opinions. Salman Partners is a member of the TSX-Venture Exchange, the Investment Dealers Association and the Canadian Investors Protection Fund and is a Participating Organization of the Toronto Stock Exchange.

The Opinion expressed herein is the opinion of Salman Partners as a firm. The form and content of the Opinion have been approved for release by a committee of officers of Salman Partners, representatives of which are experienced in mergers and acquisitions, capital markets and valuation matters.

Independence of Salman Partners

Salman Partners is not an insider, associate or affiliated entity (as those terms are defined in the *Securities Act (Alberta)* of Mirage, Sahara or any of their respective affiliates (collectively, the "Interested Parties"). Salman Partners has not participated in any financial arrangement, nor had a material financial interest in any transaction involving any Interested Party during the 24 months preceding the signing of the Engagement Agreement. Salman Partners is not acting currently as an advisor to any Interested Party in connection with any other matter other than acting as financial advisor to Mirage as described above. Salman Partners may in the future, in its ordinary course of business, provide financial advisory or investment banking services to an Interested Party.

Salman Partners acts as trader and dealer, both as principal and agent, in major financial markets and as such may have had positions in the securities of Mirage or Sahara and from time to time may have executed transactions on behalf of such companies or clients for which it received, or may receive compensation. As an investment dealer, Salman Partners conducts research in securities and may, in the

ordinary course of business, provide research reports and investment advice to its clients or investment matters, including with respect to Mirage, Sahara and any of their associates or affiliates. Salman Partners does not believe that any of these relationships affect Salman Partners' independence with respect to the Opinion.

Scope of Review

In preparing the Opinion, Salman Partners has reviewed and relied upon, (without attempting to verify independently the completeness or accuracy of), or carried out, among other things, the following:

As pertaining to the Arrangement:

- a) the Arrangement Agreement;
- b) certain drafts of the Information Circular, provided to Salman Partners, up to and including the date hereof;
- c) discussions with the Company's and Sahara's legal counsel with respect to various matters pertaining to the Arrangement;
- d) public information with respect to other transactions and other companies of a comparable nature considered by Salman Partners to be relevant; and
- e) such other information, analysis and discussions as were considered necessary or appropriate in the circumstances.

As pertaining to Mirage:

- a) audited annual financial statements for the period from incorporation on March 17, 2006 to December 31, 2006 and the notes thereto;
- b) unaudited financial statements for the three, six, and nine month periods ended March 31, 2007, June 30, 2007, and September 30, 2007;
- c) oil and gas reserves report prepared by DeGolyer and McNaughton Canada Limited effective December 31, 2006 and dated April 30, 2007;
- d) the management information circular dated May 30, 2007;
- e) news releases issued by the Company from January 1, 2007 to present;
- f) public information relating to the business, operations, financial performance and stock trading history of Mirage and other selected public companies as considered relevant;
- g) certain non-public information regarding Mirage, its business and projects;
- h) discussion with members of Mirage's senior management team relating to past and future operations, past and future challenges, Mirage's current market position and future opportunities for growth;
- i) discussion with members of Mirage's senior management team with respect to, among other things, future capital expenditures and cash flows;
- j) public information available on the Company website;
- k) certain non-public information regarding Mirage, its business and projects; and
- l) officers' certificates of Mirage regarding the accuracy and completeness of information upon which this Opinion is based including, among other matters, that as of the date hereof, the financial conditions of Mirage had not changed materially from that disclosed in the September 30, 2007 interim unaudited financial statements except as disclosed to Salman Partners.

As pertaining to Sahara:

- a) audited annual financial statements for the years ended December 31, 2006 and 2005 and the notes thereto;

- b) unaudited financial statements for the three, six, and nine month periods ended March 31, 2007, June 30, 2007, and September 30, 2007 and the notes thereto;
- c) oil and gas reserves report prepared by DeGolyer and McNaughton Canada Limited effective December 31, 2006 and dated April 30, 2007;
- d) the management information circular dated May 30, 2007;
- e) news releases issued by Sahara from January 1, 2007 to present;
- f) public information relating to the business, operations, financial performance and stock trading history of Sahara and other selected publicly traded companies we considered relevant;
- g) certain non-public information regarding Sahara, its business and projects;
- h) discussion with members of Sahara's senior management team relating to past and future operations, past and future challenges, Sahara's current market position and future opportunities for growth;
- i) discussion with members of Sahara's senior management team with respect to, among other things, future capital expenditures and cash flows;
- j) public information available on the Sahara website;
- k) certain non-public information regarding Sahara, its business and projects; and
- l) officers' certificates of Sahara regarding the accuracy and completeness of information upon which this Opinion is based including, among other matters, that as of the date hereof, the financial conditions of Sahara had not changed materially from that disclosed in the September 30, 2007 interim unaudited financial statements except as disclosed to Salman Partners.

Salman Partners was granted free access by Mirage and Sahara to its senior management and directors and was not, to its knowledge, denied any material information or any information which it requested.

This Opinion has been prepared in accordance with the Disclosure Standards for Formal Valuations and Fairness Opinions of the Investment Dealers Association of Canada but the Association has not been involved in the preparation or review of this fairness opinion.

Assumptions and Limitations

The Opinion is subject to the assumptions, explanations and limitations set forth below.

Salman Partners has relied, without independent verification, upon all financial and other information that was obtained by us from public sources or that was provided to us by Mirage and Sahara and their affiliates and advisors or otherwise. Salman Partners has assumed that this information was complete and accurate as at the date prepared and did not omit to state any material fact or any fact necessary to be stated to make that information not misleading. The Opinion is conditional upon such completeness and accuracy. In accordance with the terms of Salman Partners' engagement, but subject to the exercise of Salman Partners' professional judgment, Salman Partners has not conducted any independent investigation to verify the completeness or accuracy of such information. With respect to any financial forecasts provided to Salman Partners and used in Salman Partners' analysis, Salman Partners has assumed that they have been reasonably prepared on a basis reflecting the best currently available estimates and judgments of management of Mirage and Sahara as to matters covered thereby and in rendering the Opinion, Salman Partners expresses no view as to the reasonableness of such forecasts or the assumptions on which they are based. In rendering the Opinion, we express no views as to the likelihood that the conditions with respect to the Arrangement will be satisfied or waived or that the Arrangement will be implemented within the timeframe indicated in the Arrangement Agreement. The Opinion does not constitute a recommendation as to whether the Shareholders should vote in favour of the Arrangement. Certain officers of Mirage and Sahara have represented to Salman Partners, in certificates delivered as at February 28, 2008, amongst other things, that the information, opinions and other materials (the "Information") provided to Salman Partners by or on behalf of Mirage and Sahara is

complete and correct at the date the Information was provided to Salman Partners and that since the date of Information, there has been no material change, financial or otherwise, in the financial position of Mirage or Sahara, or in their assets, liabilities (contingent or otherwise), business or operations and there has been no change in any material fact which is of a nature as to render the Information untrue or misleading in any material respect.

The Opinion is rendered as of February 28, 2008 and is based on the securities markets, economic, general business and financial conditions prevailing today and the conditions and prospects, financial and otherwise, of Mirage and Sahara as they were reflected in the information reviewed by us. Any changes therein may affect the Opinion and, although Salman Partners reserves the right to change or withdraw the Opinion in such event, Salman Partners disclaims any obligation to advise any person of any such change that may come to its attention or update the Opinion after today. In its analyses and in preparing the Opinion, Salman Partners made numerous assumptions with respect to industry performance, general business and economic conditions and other matters, many of which are beyond the control of Salman Partners or any party involved in the Arrangement Agreement.

Salman Partners has assumed that all conditions precedent to the completion of the Arrangement can be satisfied in due course, and that all consents, permissions, exemptions or orders of relevant authorities will be obtained, without adverse condition or qualification.

Salman Partners' analysis must be considered as a whole. Selecting portions of Salman Partners' analysis and factors considered by Salman Partners, without considering all factors and analyses together, could create a misleading view of the methodologies and approaches underlying the Opinion. The preparation of the Opinion with respect to fairness, from a financial point of view, is a complex process and is not necessarily amenable to partial analysis or summary description, as doing so could lead to undue emphasis on any particular factor or analysis.

Fairness Considerations

Salman Partners performed various analyses in connection with the provision of this Opinion. In arriving at our conclusion, we did not attribute any particular weight to any specific approach or analysis, but rather developed qualitative judgments on the basis of our experience in rendering such opinions and the information presented as a whole.

In assessing the fairness, from a financial point of view, of the Consideration to be received by the Shareholders pursuant to the Arrangement Salman Partners reviewed and considered certain quantitative and qualitative assessments, including:

- a) a comparison of the per share exchange ratio between Sahara and Mirage based upon the implied prices paid per barrel of oil equivalent ("BOE") reserve and per producing BOE on precedent change of control and asset transactions;
- b) a comparison of the per share exchange ratio between Sahara and Mirage based upon a range of implied net asset values under various scenarios;
- c) a comparison of the per share exchange ratio to the historical trading ranges of the common shares of Sahara and Mirage;
- d) a comparison of the percentage ownership and relative contribution of the Shareholders, in aggregate, to the cash flow, net asset value, production and reserves of the pro forma entity resulting from the Arrangement; and
- e) the opportunity for the Shareholders to participate in an operationally larger combined entity that is expected to result in improved cash flow through significant operating synergies and general and administrative cost savings.

Fairness Opinion

Based upon and subject to the foregoing and such other matters as Salman Partners considered relevant, it is Salman Partners' opinion as of the date hereof, that the Consideration to be received by the Shareholders pursuant to the Arrangement is fair, from a financial point of view, to the Shareholders. This Opinion may be relied upon by the Board for the purposes of considering the Arrangement and its recommendation to Shareholders, with respect to the Arrangement and except for its inclusion in the Information Circular, may not be published, reproduced disseminated, quoted from, or referred to, in whole or in part, by any person or for any other purpose without our express written consent.

Yours very truly,

(signed)

SALMAN PARTNERS INC.

APPENDIX "E"
SECTION 191 OF THE *BUSINESS CORPORATIONS ACT* (ALBERTA)

Pursuant to the Interim Order, registered Shareholders have the right to dissent in respect of the Arrangement. Such right of dissent is described in the Information Circular. The full text of section 191 of the ABCA is set forth below. Note that certain provisions of such section have been modified by the Interim Order, which is attached to the Information Circular as Appendix "B", and pursuant to the Plan of Arrangement, which is attached to the Information Circular as Exhibit 1 to Appendix "A".

191(1) Subject to sections 192 and 242, a holder of shares of any class of a corporation may dissent if the corporation resolves to:

- (a) amend its articles under section 173 or 174 to add, change or remove any provisions restricting or constraining the issue or transfer of shares of that class,
- (b) amend its articles under section 173 to add, change or remove any restrictions on the business or businesses that the corporation may carry on,
- (b.1) amend its articles under section 173 to add or remove an express statement establishing the unlimited liability of shareholders as set out in section 15.2(1),
- (c) amalgamate with another corporation, otherwise than under section 184 or 187,
- (d) be continued under the laws of another jurisdiction under section 189, or
- (e) sell, lease or exchange all or substantially all its property under section 190.

(2) A holder of shares of any class or series of shares entitled to vote under section 176, other than section 176(1)(a), may dissent if the corporation resolves to amend its articles in a manner described in that section.

(3) In addition to any other right the shareholder may have, but subject to subsection (20), a shareholder entitled to dissent under this section and who complies with this section is entitled to be paid by the corporation the fair value of the shares held by the shareholder in respect of which the shareholder dissents, determined as of the close of business on the last Business Day before the day on which the resolution from which the shareholder dissents was adopted.

(4) A dissenting shareholder may only claim under this section with respect to all the shares of a class held by the shareholder or on behalf of any one beneficial owner and registered in the name of the dissenting shareholder.

(5) A dissenting shareholder shall send to the corporation a written objection to a resolution referred to in subsection (1) or (2):

- (a) at or before any meeting of shareholder at which the resolution is to be voted on, or
- (b) if the corporation did not send notice to the shareholder of the purpose of the meeting or of the shareholder's right to dissent, within a reasonable time after the shareholder learns that the resolution was adopted and of the shareholder's right to dissent.

(6) An application may be made to the Court by originating notice after the adoption of a resolution referred to in subsection (1) or (2):

- (a) by the corporation, or
- (b) by a shareholder if he has sent an objection to the corporation under subsection (5),

to fix the fair value in accordance with subsection (3) of the shares of a shareholder who dissents under this section, or to fix the time at which a shareholder of an unlimited liability corporation who dissents under this section ceases to become liable for any new liability, act or default of the unlimited liability corporation.

(7) If an application is made under subsection (6), the corporation shall, unless the Court otherwise orders, send to each dissenting shareholder a written offer to pay him an amount considered by the directors to be the fair value of the shares.

(8) Unless the Court otherwise orders, an offer referred to in subsection (7) shall be sent to each dissenting shareholder:

- (a) at least 10 days before the date on which the application is returnable, if the corporation is the applicant, or
- (b) within 10 days after the corporation is served with a copy of the originating notice, if a shareholder is the applicant.

(9) Every offer made under subsection (7) shall:

- (a) be made on the same terms, and
- (b) contain or be accompanied by a statement showing how the fair value was determined.

(10) A dissenting shareholder may make an agreement with the corporation for the purchase of the shareholder's shares by the corporation, in the amount of the corporation's offer under subsection (7) or otherwise, at any time before the Court pronounces an order fixing the fair value of the shares.

(11) A dissenting shareholder:

- (a) is not required to give security for costs in respect of an application under subsection (6), and
- (b) except in special circumstances shall not be required to pay the costs of the application or appraisal.

(12) In connection with an application under subsection (6), the Court may give directions for:

- (a) joining as parties all dissenting shareholders whose shares have not been purchased by the corporation and for the representation of dissenting shareholders who, in the opinion of the Court, are in need of representation,
- (b) the trial of issues and interlocutory matters, including pleadings and examinations for discovery,
- (c) the payment to the shareholder of all or part of the sum offered by the corporation for the shares,
- (d) the deposit of the share certificates with the Court or with the corporation or its transfer agent,
- (e) the appointment and payment of independent appraisers, and the procedures to be followed by them,
- (f) the service of documents, and
- (g) the burden of proof on the parties.

(13) On an application under subsection (6), the Court shall make an order:

- (a) fixing the fair value of the shares in accordance with subsection (3) of all dissenting shareholders who are parties to the application,
- (b) giving judgment in that amount against the corporation and in favour of each of those dissenting shareholders,
- (c) fixing the time within which the corporation must pay that amount to a shareholder, and
- (d) fixing the time at which a dissenting shareholder of an unlimited liability corporation ceases to become liable for any new liability, act or default of the unlimited liability corporation.

(14) On:

- (a) the action approved by the resolution from which the shareholder dissents becoming effective,
- (b) the making of an agreement under subsection (10) between the corporation and the dissenting shareholder as to the payment to be made by the corporation for the shareholder's shares, whether by the acceptance of the corporation's offer under subsection (7) or otherwise, or
- (c) the pronouncement of an order under subsection (13),

whichever first occurs, the shareholder ceases to have any rights as a shareholder other than the right to be paid the fair value of the shareholder's shares in the amount agreed to between the corporation and the shareholder or in the amount of the judgment, as the case may be.

(15) Subsection (14)(a) does not apply to a shareholder referred to in subsection (5)(b).

(16) Until one of the events mentioned in subsection (14) occurs:

- (a) the shareholder may withdraw his dissent, or
- (b) the corporation may rescind the resolution,

and in either event proceedings under this section shall be discontinued.

(17) The Court may in its discretion allow a reasonable rate of interest on the amount payable to each dissenting shareholder, from the date on which the shareholder ceases to have any rights as a shareholder by reason of subsection (14) until the date of payment.

(18) If subsection (20) applies, the corporation shall, within 10 days after:

- (a) the pronouncement of an order under subsection (13), or
- (b) the making of an agreement between the shareholder and the corporation as to the payment to be made for his shares,

notify each dissenting shareholder that it is unable lawfully to pay dissenting shareholders for their shares.

(19) Notwithstanding that a judgment has been given in favour of a dissenting shareholder under subsection (13)(b), if subsection (20) applies, the dissenting shareholder, by written notice delivered to the corporation within 30 days after receiving the notice under subsection (18), may withdraw the shareholder's notice of objection, in which case the corporation is deemed to consent to the withdrawal and the shareholder is reinstated to the shareholder's full rights as a shareholder, failing which the shareholder retains a status as a claimant against the corporation, to be paid as soon as the corporation is lawfully able to do so or, in a liquidation, to be ranked subordinate to the rights of creditors of the corporation but in priority to its shareholders.

(20) A corporation shall not make a payment to a dissenting shareholder under this section if there are reasonable grounds for believing that:

- (a) the corporation is or would after the payment be unable to pay its liabilities as they become due, or
- (b) the realizable value of the corporation's assets would by reason of the payment be less than the aggregate of its liabilities.

APPENDIX "F"
INFORMATION CONCERNING SAHARA

APPENDIX "F"

INFORMATION CONCERNING SAHARA

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GLOSSARY OF TERMS

Defined terms used herein but not otherwise defined shall have the meaning ascribed thereto in the "Glossary of Terms" in the Information Circular.

DOCUMENTS INCORPORATED BY REFERENCE

Information in respect of Sahara has been incorporated by reference in this Information Circular from documents filed with securities commissions or similar authorities in Canada. Copies of the documents incorporated herein by reference may be obtained on request without charge from the President and Chief Executive Officer of Sahara at 800, 510 - 5th St. SW, Calgary, Alberta T2P 3S2, phone (403) 232-1359. In addition, copies of the documents incorporated herein by reference may be obtained from the securities commissions or similar authorities in Canada through the SEDAR website at www.sedar.com.

The following documents of Sahara, filed with the various securities commissions or similar authorities in the jurisdictions where Sahara is a reporting issuer, are specifically incorporated by reference into and form an integral part of this Information Circular:

1. the unaudited consolidated financial statements of Sahara as at and for the nine months ended September 30, 2007 together with the notes thereto;
2. management's discussion and analysis of the financial condition of Sahara for the nine months ended September 30, 2007;
3. the audited consolidated financial statements of Sahara as at and for the years ended December 31, 2006 and 2005, respectively, together with the notes thereto and the auditors' report thereon;
4. management's discussion and analysis of the financial condition and results of operations of Sahara for the year ended December 31, 2006;
5. the audited consolidated financial statements of Sahara as at and for the year ended December 31, 2005 together with the notes thereto and the auditors' report thereon;
6. management's discussion and analysis of the financial condition and results of operations of Sahara for the year ended December 31, 2005;
7. the unaudited consolidated financial statements of Mirage as at and for the nine months ended September 30, 2007, together with the notes thereto;
8. the audited consolidated financial statements of Mirage as at December 31, 2006 and for the period from March 17, 2006 to December 31, 2006;
9. Sahara's report prepared in accordance with Form 51-101F1 *Statement of Reserves Data and Other Oil and Gas Information* for the year ended December 31, 2006 and dated April 30, 2007 prepared in accordance with NI 51-101 ("**Sahara's Reserve Report**");
10. Sahara's report prepared in accordance with Form 51-101F2 *Report on Reserves Data by Independent Qualified Reserves Evaluator or Auditor* executed by DeGolyer for the year ended December 31, 2006 dated April 2, 2007;
11. Sahara's report prepared in accordance with Form 51-101F3 *Report of Management and Directors on Oil and Gas Disclosure* for the year ended December 31, 2006 and dated May 4, 2007;

12. Mirage's report prepared in accordance with Form 51-101F1 Statement of Reserves Data and Other Oil and Gas Information for the year ended December 31, 2006 and dated April 30, 2007 prepared in accordance with NI 51-101 ("**Mirage's Reserve Report**");
13. Mirage's report prepared in accordance with Form 51-101F2 Report on Reserves Data by Independent Qualified Reserves Evaluator or Auditor executed by DeGolyer for the year ended December 31, 2006 dated April 2, 2007; and
14. Mirage's report prepared in accordance with Form 51-101F3 Report of Management and Directors on Oil and Gas Disclosure for the year ended December 31, 2006 and dated May 4, 2007.

Any documents of the type required by National Instrument 44-101 to be incorporated by reference in a short form prospectus, including any material change reports (excluding confidential reports), comparative interim financial statements and comparative annual financial statements, together with the auditors' report thereon, and information circulars, annual information forms and business acquisitions reports filed by Sahara with the securities commissions or similar authorities in the provinces of Canada subsequent to the date of this Information Circular and prior to the completion of the Arrangement shall be deemed to be incorporated by reference in this Information Circular.

Any statement contained in a document incorporated or deemed to be incorporated by reference herein shall be deemed to be modified or superseded for the purposes of this Information Circular to the extent that a statement contained herein or in any other subsequently filed document which also is, or is deemed to be, incorporated by reference herein modifies or supersedes such statement. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the document that it modifies or supersedes. The making of a modifying or superseding statement shall not be deemed an admission for any purposes that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made. Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Information Circular.

SAHARA ENERGY LTD.

Corporate Structure

Sahara was formed on November 18, 2005 upon the amalgamation of Battleford Capital Inc. ("**Battleford**") and Captain Energy Inc. ("**Captain**") pursuant to the provisions of the ABCA.

The head office of Sahara is Suite 800, 510 – 5th Street SW, Calgary, Alberta, T2P 3S2. The registered office of Sahara is located at 1400, 350 – 7th Avenue S.W., Calgary, Alberta, T2P 3N9. Sahara currently has one wholly owned subsidiary, Sahara Energy (USA) Sahara, incorporated pursuant to the laws of Nevada. The Sahara Shares trade on the TSXV under the symbol "SAH".

General Development of the Business

Sahara is a junior oil and gas company that focuses on the acquisition, exploration, exploitation and development of oil and natural gas in western Canada. Sahara's areas of focus are Lloydminster, Alberta, western Saskatchewan, central Alberta and southern Alberta. Sahara utilizes a farmout and land acquisition strategy.

Year Ended December 31, 2005

Captain was formed to operate in Canada as an oil and gas exploration, development and production company, commencing business operations on April 13, 2005. Between April and October 2005, Captain completed initial financings, implemented an operational structure and business plan, formalized its management team, completed certain corporate and asset acquisitions and raised further funding.

On June 15, 2005 Captain acquired a 100% working interest in an aggregate of 3500 gross and net acres of undeveloped Crown lands in Alberta for total consideration of \$150,000 in cash. The 3500 gross and net acres of land are subject to aggregate gross overriding royalties of 7% in addition to the Crown royalty.

On September 29, 2005, Captain and Battleford entered into an amalgamation agreement, which led to the amalgamation of the two corporations on November 18, 2005 (the "**Amalgamation**"). Pursuant to the Amalgamation, each shareholder of Captain received one Sahara Share for each one common share of Captain held prior to the Amalgamation and each shareholder of Battleford received one Sahara Share for each one common share of Battleford held prior to the Amalgamation. In addition, all outstanding options of Battleford were converted into Sahara Options to purchase Sahara Shares on the same terms. Upon completion of the Amalgamation, the Sahara Shares commenced trading on the TSXV under the symbol "SAH" on the opening of trading on Friday, December 16, 2005.

Prior to the Amalgamation, Battleford was a capital pool company pursuant to the policies of the TSXV and its only business operations prior to the Amalgamation were the identification and the evaluation of potential transactions to constitute a "qualifying transaction" pursuant to the policies of the TSXV. Battleford completed its initial public offering as a capital pool company in May 2005.

In connection with the Amalgamation, Sahara completed a private placement to raise gross proceeds of approximately \$3,058,000. Pursuant to the private placement, 6,116,000 units were issued at a price of \$0.50 per unit with each unit being comprised of a Sahara Share issued on a "flow-through" basis pursuant to the Tax Act and one half of a Sahara Share purchase warrant. Each whole warrant entitled the holder to purchase a Sahara Share issued on a "flow-through" basis pursuant to the Tax Act at a price of \$0.75 per share for a period of six months from the closing date.

Year Ended December 31, 2006

On February 1, 2006, Sahara completed a private placement of fixed rate convertible debentures in the aggregate principal amount of \$1,035,000. The debentures were convertible into a unit at a price of \$0.57 per Unit. Each unit is comprised of one Sahara Share and one Sahara Share purchase warrant. Each warrant was exercisable into one Sahara Share at a price of \$0.57 until December 31, 2007.

Also in February 2006, Sahara entered into a joint venture agreement (the "**Band Joint Venture Agreement**") with the Mosquito Grizzly Bear's Head Lean Man First Nation Band (the "**Band**") in Saskatchewan to exclusively identify and explore lands that may contain oil and gas potential under the Treaty Land Entitlement Agreement (the "**TLE Lands**"). The joint venture will continue initially for a period of three years and may be extended by agreement between the parties. Pursuant to Band Joint Venture Agreement, the Band agreed to make available its oil and gas rights on 62,000 acres to the Sahara comprised of approximately 13,000 acres of TLE Lands which are available anywhere in Saskatchewan with mineral rights, approximately 14,000 acres of nominated TLE Lands currently owned by the Band in western Saskatchewan and approximately 35,000 acres of land on the Band's reserve lands. Sahara agreed to conduct oil and gas exploration and development on the 62,000 acres of lands and agreed to provide employment, business and training opportunities to the Band.

In April 18, 2006, Sahara entered into a farmout agreement with Mirage (the "**Mirage Farmout Agreement**") whereby Mirage agreed to participate and earn an interest in five heavy oil wells targeting the Cretaceous General Petroleum/Lloyd/Sparky Sands. On April 18, 2006, Sahara entered into a letter agreement with Mirage whereby Mirage agreed to acquire a 20% working interest in a lease in the Tangent area of Alberta with Mirage participating as to a 20% working interest in a test well with Sahara as operator. In addition, on April 18, 2006, Sahara entered into a letter agreement with Mirage whereby Mirage agreed to acquire a 10% working interest in a lease in the Gold Creek area of Alberta with Mirage as a participant and with Sahara as operator.

On May 18, 2006, Sahara completed a non-brokered private placement of Sahara Shares issued on a "flow-through" basis pursuant to the Tax Act for total gross proceeds of \$1,999,950 with Hesperian Capital Management Ltd., the manager of the Norrep Group of Funds. Pursuant to the private placement, Sahara issued 500,000 Sahara Shares issued on a "flow-through" basis pursuant to the Tax Act at a price of \$1.3333 per share to Norrep Performance

2004 Flow-Through Limited Partnership and 1,000,000 Sahara Shares issued on a "flow-through" basis pursuant to the Tax Act to Norrep Performance 2006 Flow-Through Limited Partnership also at a price of \$1.3333 per share.

On November 1, 2006 Sahara completed another private placement to the Norrep Group of Funds through Hesperian Capital Management of 1,000,000 Sahara Shares issued on a "flow-through" basis pursuant to the Tax Act to be renounced as Canadian Development Expense at an issue price of \$1.20 share and 1,000,000 Sahara Shares issued on a "flow-through" basis pursuant to the Tax Act to be renounced as Canadian Exploration Expense at an issue price of \$1.33 per share for gross proceeds of approximately \$2,530,000.

On December 22, 2006, Sahara completed the first tranche of brokered private placement, whereby it issued 211,005 units at a price of \$4.90 per unit with each such unit being comprised of two (2) Sahara Shares issued on a "flow-through" basis pursuant to the Tax Act, to be renounced as Canadian Development Expense at an issue price of \$1.60 and one Sahara Share issued on a "flow-through" basis to be renounced as Canadian Exploration Expense at an issue price of \$1.70, for gross proceeds of \$1,033,924.50. Leede Financial Markets Inc. and Blackmont Capital Inc. acted as agents for the private placement. On December 29, 2006, the Sahara completed the second tranche of this private placement, whereby an additional 3,000 units were sold for additional gross proceeds of \$14,700. In addition, as part of the second tranche, an additional 67,959 units were sold on a non-brokered basis for additional gross proceeds of \$332,999.10.

Year Ended December 31, 2007

On June 28, 2007, Sahara completed a non-brokered private placement of 140,000 units at a price of \$1.00 per unit, each unit being comprised of one Sahara Share issued on a "flow-through" basis pursuant to the Tax Act to be renounced as Canadian Development Expense and one Sahara Share purchase warrant. Each warrant entitled the holder thereof to acquire at any time prior to January 18, 2008, one Sahara Share issued on a "flow-through" basis pursuant to the Tax Act to be renounced as Canadian Development Expense for the exercise price of \$1.20 per share. On July 11, 2007 Sahara completed the second tranche of this private placement whereby an additional 130,000 units were sold. As part of the private placement 7,500 finder's warrants were issued as part of a finder's fee. Each finder's warrant entitled the holder thereof to acquire one Sahara Share for the exercise price of \$1.05 per Sahara Share for a period of 12 months from the closing date.

On June 28, 2007, Sahara also closed the first tranche of a non-brokered private placement of 10% fixed rate convertible debentures in the aggregate principal amount of \$720,000. The debentures are convertible into units at a price of \$0.90 per unit with each such unit being comprised of one Sahara Share and one Sahara Share purchase warrant. Each warrant is convertible into one Sahara Share at a price of \$0.90 per share for two years from the closing date of the private placement. The debentures are convertible, in whole or in part, at any time prior to the date which is 24 months subsequent to the closing date of the private placement at the option of the holder. On July 11, 2007 Sahara completed the second tranche of the non-brokered private placement of 10% fixed rate convertible debentures in the aggregate principal amount of \$50,000.

On December 3, 2007 Sahara issued a promissory note in the principal amount of \$532,242.00, which amount represents the full amounts owing to a creditor of Sahara. The note bears interest at 10% per annum and is payable in 20 consecutive monthly installments of \$25,000 payable on the last business day of each month. The note is also secured by a fixed charge on certain properties owned by Sahara in Alberta.

On December 18, 2007 Sahara sold its working interest in a shut-in gas well in the Simonette area of Alberta to an arms length party for \$400,000.

On December 27, 2007 Sahara closed a non-brokered private placement of Sahara Shares. Pursuant to the private placement an aggregate of 1,758,091 Sahara Shares at a price of \$0.11 per Sahara Share were sold for aggregate proceeds of \$193,390.

On December 28, 2007 Sahara closed a non-brokered private placement of 1,718,689 Sahara Shares issued on a "flow-through" basis pursuant to the Tax Act to be renounced to subscribers as Canadian Development Expenses at a price of \$0.13 per Sahara Share for aggregate proceeds of \$223,429.57.

Recent Developments

During December 2007 and January 2008 Sahara redeemed for cancellation and paid out in full an aggregate of \$110,000 principal amount debentures originally issued on February 1, 2006. In addition, Sahara entered into agreements with certain debenture holders (including a director and an officer of Sahara), holding an aggregate of \$320,000 principal amount debentures, to postpone payment of such debenture to a later date and an additional \$100,000 principal amount debenture remains owing to a former officer of Sahara.

Pursuant to two (2) separate shares for debt agreements entered into between Sahara and certain trade creditors, on January 11, 2008, Sahara issued an aggregate of 574,000 Sahara Shares at a deemed price of \$0.20 per Sahara Share to such creditors to satisfy all debts owing to such creditors.

Pursuant to three (3) separate shares for debt agreements entered into between Sahara and certain trade creditors, on February 6, 2008, Sahara issued an aggregate of 475,000 Sahara Shares at a deemed price of \$0.20 per Sahara Share to such creditors to satisfy all debts owing to such creditors.

On February 19, 2008 Sahara closed the sale of a 30% working interest in an oil property located in the Tangent area of Alberta for \$806,014.51. The proceeds from the sale were used to pay down Sahara's bank debt. In addition, Sahara sold a 17% working interest in a section of Nikanassin rights in the Gold Creek area of Alberta for \$101,079.95. The proceeds from this sale were used to pay down other existing corporate debt.

On February 25, 2008, Sahara entered into the Arrangement Agreement with Mirage pursuant to which Sahara will acquire all the issued and outstanding Mirage Shares. The acquisition by Sahara of Mirage pursuant to the Arrangement will be considered a "significant acquisition" under Canadian securities laws. For information with respect to the effect of the acquisition of Mirage by Sahara, please see "Pro Forma Information about Sahara After Giving Effect to the Arrangement" in this Information Circular and the Pro Forma Consolidated Financial Statements of Sahara in **Appendix "G"**.

Significant Acquisitions and Dispositions

Other than the acquisition of Mirage pursuant to the Arrangement, Sahara is not currently proposing any significant acquisitions and Sahara has not completed any significant acquisitions during the current financial year or in its three most recently completed financial years.

Business Plan and Growth Strategies

Sahara's corporate objective is to efficiently and effectively grow its oil and gas reserve base within geographically concentrated areas within the Western Canada Sedimentary Basin and attain per-share growth in key performance indicators such as reserves, production, cash flow and earnings. As part of Sahara's continued growth strategy, Sahara intends to continuously investigate and search out oil and gas properties that will result in meaningful reserve and production additions and will deploy capital to higher-quality, longer-life reservoirs in proven growth areas that offer existing infrastructure, low cost drilling opportunities, multi-zone hydrocarbon drilling potential, year round area access and, where possible, acquire operational control of those properties that will offer significant development, exploitation and exploration potential. In addition, Sahara is pursuing, and will continue to pursue after completion of the Arrangement, strategic alternatives to sell certain assets which are not within its core areas or potentially sell Sahara as a whole in order to maximize shareholder value.

In each of Sahara's core areas, Sahara's growth strategy is to:

- acquire a land position or drilling opportunities to earn significant land positions;
- farm-in on lands in Sahara's core areas of operations;
- build an inventory of low to medium risk drilling prospects drillable over a two-year period;
- efficiently control costs through facility ownership and operation of wells, where possible;
- seek out opportunities where leaseholders have time or resource issues; and
- manage risk through the geological and technical expertise we have in each of these areas.

Competition

The oil and natural gas industry within the Western Canada Sedimentary Basin is competitive in all its phases. Sahara competes with numerous other participants in the search for, and the acquisition of, oil and natural gas properties and in the marketing of oil and natural gas. Sahara's competitors include oil and gas companies, which have greater financial resources, personnel and facilities than those of Sahara. Competitive factors in the distribution and marketing of crude oil and natural gas include pricing, methods and reliability of delivery. Sahara views its competitive position as being equivalent to that of other oil and gas issuers of comparable size and at a similar stage of development.

Seasonal Factors

The exploration for and development of crude oil and natural gas reserves is dependent on access to areas where operations and production is to be conducted. Seasonal weather variations, including freeze-up and spring break-up, affect access in certain circumstances. Sahara's core operating areas, notwithstanding the aforementioned seasonal weather variations, are generally accessible year-round.

PRINCIPAL PROPERTIES

As of the date hereof, Sahara focused its oil and gas field operations in the provinces of Alberta and Saskatchewan. The following is a description of Sahara's principal producing oil and gas properties. Unless otherwise stated, gross and net acres and well count information are as at December 31, 2007. Additional information with respect to Sahara's oil and gas properties, including estimates of reserves as at December 31, 2006 can be found in Sahara's Reserve Report which is incorporated by reference into this Information Circular.

Description of Principal Properties

The following is a pro forma description of Sahara's principal oil and natural gas properties and minor exploration properties as at December 31, 2007. Unless otherwise specified, gross, net acres, well count and production information are as at December 31, 2007.

Lloydminster, Alberta

The Lloydminster property is located near Lloydminster, Alberta. The Lloydminster property was producing approximately 26 BOE/D in at the end of 2007, 100% of which was heavy oil, which represents approximately 20% of Sahara's total 2007 production volumes. Sahara's property interests in Lloydminster consist of working interests ranging from 30% to 100% and averaging 56%. Sahara operates 8 gross (4.5 net) wells associated with this property. Well depths average 633 metres in this area and target the Mannville formation. Production from the area is processed at a third party facility.

The Lloydminster property consists of 160 gross (122 net) hectares of developed land and 208 gross (136 net) hectares of undeveloped land.

For the year ended December 31, 2007, exploration and development activity on the Lloydminster property included the drilling of 1 gross (.5 net) wells and related completion to bring the well on-stream.

Gold Creek – Alberta

The Gold Creek property is located approximately 40 kilometres south of Grand Prairie, Alberta. The Gold Creek property was producing at approximately 6 BOE/d which is approximately 04.6% of Sahara's total production volumes in 2007, 20% of which was oil and 80% of which was natural gas. Sahara's interests in Gold Creek consist of a 20% working interest. Sahara operates 1 gross (.2 net) wells associated with this property. Well depths average 2,450 metres in this area and target the Halfway and Nikanassin zones. Production from the area is processed at a third party facility.

The Gold Creek property consists of 256 gross (51.2 net) hectares of developed land and no undeveloped land.

For the year ended December 31, 2007, no exploration and development activity occurred on the Gold Creek property.

Buzzard – Saskatchewan

The Buzzard property is located approximately 100 kilometres south-east of Lloydminster, Saskatchewan. The Buzzard property was producing at approximately 53.7 BOE/d which is approximately 41% of Sahara's total production volumes in 2007, 100% of which was heavy oil. Sahara's interests in Buzzard consist of working interests ranging from 30% to 40% and averaging 33%. The property is non-operated; Sahara's interest includes 15 gross (4.6 net) wells associated with this property. Production from the area is processed at a third party facility.

The Buzzard property consists of 210.9 gross (66.5 net) hectares of developed land and no undeveloped land.

For the year ended December 31, 2007, exploration and development activity on the Buzzard property included the drilling of 2 gross (.6 net) wells and related completions to bring the wells on-stream.

Minor Properties

Sahara also has a number of minor non-core properties located throughout Alberta and Saskatchewan. These properties account for approximately 5% of Sahara's current production. Sahara does not currently intend to focus a material amount of time on these properties.

At December 31, 2007, aggregate Sahara's acreage included 2762 gross (877.5 net) hectares of developed land and 5741.6 gross (1927.3) hectares of undeveloped land.

Disposed of Properties

In addition to the above properties, Sahara had a 30% working interest in a property located in the Tangent area of Alberta. The Tangent property was producing at approximately 20.7 boe/d, which was approximately 15.9% of Sahara's total production volumes in 2007, 88% of which was oil and 12% of which was natural gas. The Tangent property consisted of 256 gross (76.8 net) hectares of developed land and 256 gross (76.8 net) hectares of undeveloped land. Sahara sold their respective interests in the Tangent area of Alberta on February 19, 2008. Sahara's interest was sold for approximately \$806,000. In addition, Sahara also sold an interest in the section of Nikanassin rights in the Gold Creek area of Alberta for \$101,000. The portion sold in the Gold Creek area was shut-in for economic reasons and had no related production. The property sold in the Gold Creek area consisted of 256 gross (43.52 net) hectares of developed land and no hectares of undeveloped land. At Simonette, Alberta, Sahara sold a 15% working interest in a shut-in gas well, for \$400,000. The property sold at Simonette consisted of 256 gross (38.4 net) hectares of developed land and no undeveloped hectares.

Oil and Gas Wells

The following table sets forth the number and status of wells in which Sahara had a working interest as at December 31, 2007.

	Oil Wells				Natural Gas Wells			
	Producing		Non-Producing		Producing		Non-Producing	
	Gross	Net	Gross	Net	Gross	Net	Gross	Net
Alberta	11	4.80	5	3.25	1	.2	6	1.21
Saskatchewan	16	5.26	11	3.60	2	.8	1	0.50
Total	27	10.06	16	6.85	3	1.0	7	1.71

Properties with no Attributable Reserves

The following table sets out the Sahara's developed and undeveloped land holdings as at December 31, 2007.

	Developed Hectares		Undeveloped Hectares		Total Hectares	
	Gross	Net	Gross	Net	Gross	Net
Alberta	1856.4	583.6	5279.6	1831.3	7136.0	2414.9
Saskatchewan	906.4	293.9	192	96	1098.4	389.9
Total	2762.8	877.5	5471.6	1927.3	8234.4	2804.8

Sahara expects that rights to explore, develop and/or exploit 244.59 net hectares of its undeveloped land holdings will expire by December 31, 2008. Sahara plans to farm-out or submit applications to continue selected portions of the above acreage.

Exploration and Development Activities

The following table sets forth the gross and net exploratory and development wells in which Sahara participated in the year ended December 31, 2007.

	Exploratory Wells		Development Wells	
	Gross	Net	Gross	Net
Natural Gas	1	0.12	0	0
Oil	0	0	7	2.1
Service	0	0	1	0.20
Dry	5	1.05	0	0
Total	6	1.17	8	2.30

Production History

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

	Quarter Ended		
	2007		
	Sept. 30	June 30	Mar. 31
Average Daily Production (1)			
Heavy Oil, minor light oil (bbl/d)	134.70	120.02	127.97
Gas (Mcf/d)	114.08	114.67	83.6
Combined (BOE/d)	153.73	139.31	141.9
Average Price Received			
Heavy Oil, minor light oil (bbl/d)	52.48	43.52	42.47
Gas (\$/Mcf)	5.39	7.36	7.53
Combined (\$/BOE)	50.38	44.31	43.08
Royalties Paid			
Heavy Oil, minor light oil (bbl/d)	29.63	24.29	20.32
Gas (\$/Mcf)	27.33	23.61	13.85
Combined (\$/BOE)	12.03	9.07	7.08
Operating Expenses (includes transport) (\$/BOE)			

	Quarter Ended		
	2007		
	Sept. 30	June 30	Mar. 31
Heavy oil, minor light oil and gas combined (\$/BOE)	31.37	36.78	28.97
Netback Received (\$/BOE) (2)	6.98	(1.54)	7.03

Notes:

- (1) Before deduction of royalties.
- (2) Netbacks are calculated by subtracting royalties and operating costs from revenues.

The following table indicates Sahara's average daily production from its important fields for the year ended December 31, 2007 giving effect to the Arrangement as if it was completed on January 1, 2007:

	Crude Oil (bbl/d)	Gas (Mcf/d)	NGLS (bbl/d)	BOE (BOE/d)
Lloydminster	26.4	0	0	26.4
Gold Creek	0	34	.4	6.0
Tangent	19.0	10.2	0	20.7
Other Alberta	9.9	0	0	9.9
Buzzard	53.7	0	0	53.7
Other Saskatchewan	0	80.0	0	13.3
Total	109.0	124.2	.4	130

DESCRIPTION OF SECURITIES AND PRINCIPAL SHAREHOLDERS

The authorized share capital of Sahara consists of an unlimited number of Sahara Shares and an unlimited number of non-voting preferred shares. As of the date hereof, there were 24,058,406 Sahara Shares and no non-voting preferred shares issued and outstanding. In addition, as at such date, there was an aggregate of 2,440,000 Sahara Shares reserved for issuance upon the exercise of Sahara Options. There is also currently an outstanding \$770,000 principal amount of 10% fixed rate convertible debentures. The debentures are convertible into units at a price of \$0.90 per unit. Each unit is comprised of one Sahara Share and one Sahara Share purchase warrant which entitles the holder to purchase a Sahara Share at a price that matches the conversion price of the debentures. In addition, 7,500 Sahara Shares are issuable on exercise of outstanding warrants to purchase Sahara Shares at an exercise price of \$1.05 per Sahara Share. No other securities of Sahara were issued or outstanding as at such date.

To the knowledge of the directors and executive officers of Sahara, as at the date hereof, no person or company beneficially owned, directly or indirectly, or exercised control or direction over, or will own, directly or indirectly, or exercise control or direction over, voting securities of Sahara carrying 10% or more of the voting rights attached to any class of voting securities of Sahara, other than the person listed in the table below.

Name of Shareholder	Number and Class of Voting Shares Beneficially Owned, Controlled or Directed	Percentage of Outstanding Shares in Class	Percentage of Outstanding Voting Shares
Pete Boswell ⁽¹⁾	3,527,500	14.6%	14.6%

Note:

- (1) Includes 2,434,000 Sahara Shares owned by Brolandar Holdings Ltd. a company that is wholly owned and controlled by Pete Boswell.

Sahara Shares

The holders of Sahara Shares will be entitled to dividends when declared by the Board of Directors of Sahara subject to the rights, privileges, restrictions and conditions attached to any other class of share, to one vote per share at

meetings of Sahara Shareholders and, upon liquidation to receive such assets of Sahara as are distributable to the holders of Sahara Shares.

CONSOLIDATED CAPITALIZATION

The consolidated capitalization of Sahara for each of the dates indicated below is as follows:

Security	Authorized	Outstanding as at September 30, 2007 before giving effect to the Arrangement	Outstanding as at February 27, 2008 before giving effect to the Arrangement	Outstanding as at February 27, 2008 after giving effect to the Arrangement
Sahara Shares ^{(1) (2)}	Unlimited	20,106,626 (\$9,271,098)	24,058,406 (\$9,598,970)	37,462,302 (\$13,372,429)
Preferred non-voting shares	Unlimited	Nil	Nil	Nil
Debentures	N/A	\$1,300,000 principal amount ⁽³⁾	\$770,000	\$1,337,000 ⁽⁴⁾
Warrants	N/A	437,614 ⁽⁵⁾	7,500	13,800 ⁽⁶⁾
Debt ⁽⁷⁾	N/A	\$1,500,000	\$874,822	\$874,822

Notes:

- (1) In addition, 2,440,000 Sahara Shares are issuable pursuant to Sahara Options outstanding at varying exercise prices.
- (2) Final issued and outstanding Sahara Shares after completion of the Arrangement may vary due to rounding.
- (3) \$530,000 principal amount of 10% fixed rate convertible debenture are convertible into units at a price of \$0.57 per unit and matured on December 31, 2007, with each such unit being comprised of one Sahara Share and one Sahara Share purchase warrant which entitled the holder to acquire one Sahara Share at price of \$0.57 per share. \$770,000 principal amount of 10% fixed rate convertible debenture are convertible into units at a price of \$0.90 per unit for a period of two years from the date of issuance, with each such unit being comprised of one Sahara Share and one Sahara Share purchase warrant which entitles the holder to acquire one Sahara Share at a price of \$0.90 per share. During December 2007 and January 2008 Sahara redeemed for cancellation and paid out in full an aggregate of \$110,000 principal amount debentures originally issued on February 1, 2006. In addition, Sahara entered into agreements with certain debenture holders (including certain directors and officers of Sahara), holding an aggregate of \$320,000 principal amount debentures, to postpone payment of such debentures to a later date. An additional \$100,000 principal amount of debentures which matured on December 31, 2007 remain owing to a former officer of Sahara.
- (4) Sahara will assume the 10% fixed rate convertible debentures of Mirage as a result of the completion of the Arrangement. There are currently \$567,000 principal amount of debentures of Mirage outstanding, which are convertible into units of Mirage at a price of \$0.50 per unit with each such unit being comprised of one Mirage Share and one Mirage Share purchase warrant which entitles a holder to purchase a Mirage Share at a price of \$0.50 per Mirage Share. Pursuant to the terms and conditions governing the debentures upon completion of the Arrangement the debentures will be convertible into units of Sahara at a price of \$1.00 per unit for two years from the date of issuance. Each unit will be comprised of one Sahara Share and one Sahara Share purchase warrant. Each Warrant will entitle the holder thereof to acquire one Sahara Share at a price of \$1.00 for two years from the date of the original issuance of the Mirage Debentures.
- (5) Each Warrant is convertible into one Sahara Share at varying exercise prices.
- (6) Sahara will assume the obligations of Mirage pursuant to Warrants of Mirage which are outstanding as of the date of Arrangement. There are currently 12,600 Mirage Share purchase warrants outstanding, each such warrant entitling the holder thereof to acquire one Mirage Share at price of \$0.55 per share until June 28, 2008. Upon completion of the Arrangement, each two warrants will entitle the purchaser to acquire a Sahara Share at a price of \$1.10 per share.
- (7) Debt is comprised of short term secured liabilities.

OPTIONS

Currently there are 2,440,000 Sahara Shares issuable pursuant to Sahara Options outstanding. All Sahara Options have a five year term. The following provides details of all outstanding Sahara Options:

Executive Officers:

Date Granted	Number of Sahara Options Granted	Grant Price (\$)	Market Price on Date of Grant (\$)
November 29, 2005	900,000	\$0.40	N/A ⁽¹⁾
January 20, 2006	270,000	\$1.00	\$1.03
February 28, 2006	80,000	\$1.25	\$1.25
September 28, 2006	40,000	\$1.10	\$1.10
January 5, 2007	50,000	\$1.30	\$1.30
January 5, 2007	100,000	\$1.30	\$1.30
May 31, 2007	150,000	\$0.90	\$0.90

Non-Management Directors:

Date Granted	Number of Sahara Options Granted	Grant Price (\$)	Market Price on Date of Grant (\$)
January 20, 2006	100,000	\$1.00	\$1.03
May 30, 2006	50,000	\$1.00	\$1.00
September 28, 2006	150,000	\$1.10	\$1.10
January 5, 2007	100,000	\$1.30	\$1.30
January 5, 2007	50,000	\$1.30	\$1.30

Other Employees:

Date Granted	Number of Sahara Options Granted	Grant Price \$	Market Price on Date of Grant (\$)
November 29, 2005	10,000	\$0.40	N/A ⁽¹⁾
November 29, 2005	25,000	\$0.40	N/A ⁽¹⁾
January 20, 2006	5,000	\$1.00	\$1.03
January 20, 2006	25,000	\$1.00	\$1.03
January 5, 2007	10,000	\$1.30	\$1.30
January 5, 2007	50,000	\$1.30	\$1.30
May 31, 2007	75,000	\$0.90	\$0.90

Notes:

- (1) Sahara Shares had not commenced trading on the TSXV on this date.

DIVIDEND RECORD AND POLICY

Sahara has not declared or paid any dividends on the Sahara Shares since incorporation. Any decision to pay dividends on the Sahara Shares will be made by Sahara's Board of Directors on the basis of Sahara's earnings, financial requirements and other conditions existing at such future time.

PRIOR SALES

The only Sahara Shares issued by Sahara in the past 12 months are as follows.

Date	Number and Type Sahara Securities	Issue Price	Aggregate Proceeds
June 28, 2007	145,000 Units ⁽¹⁾	\$1.00	\$145,000
June 28, 2007	\$720,000 principal amount debentures ⁽²⁾	\$1,000 per debenture	\$720,000
July 11, 2007	125,000 Units ⁽³⁾	\$1.00	\$125,000
July 11, 2007	\$50,000 principal amount debentures ⁽⁴⁾	\$1,000 per debenture	\$50,000
December 27, 2007	1,758,091 Sahara Shares	\$0.11	\$193,390.01
December 28, 2007	1,718,689 Sahara Shares ⁽⁵⁾	\$0.13	\$223,429.57
January 11, 2008	574,000 Sahara Shares ⁽⁶⁾	\$0.20	\$114,800
February 6, 2008	475,000 Sahara Shares ⁽⁷⁾	\$0.20	\$95,000 ⁽⁷⁾

Notes:

- (1) Each unit is comprised of one common share issued on a "flow-through" basis and renounced to subscribers as Canadian Development Expenses (a "CDE Flow Through Share") pursuant to the Tax Act and one CDE Flow Through Share purchase warrant. Each Warrant will entitle the holder thereof to acquire, at any time prior to January 18, 2008, one CDE Flow Through Share upon payment of \$1.20. Pursuant to the private placement 1,500 finder warrants which each entitle the holder thereof to acquire one Sahara Share at a price of \$1.05 for one year from the date of closing the private placement.
- (2) Debentures are 10% fixed rate convertible debentures and are convertible into units at a price of \$0.90 per unit. Each unit is comprised of one Sahara Share and one Sahara Share purchase warrant. Each warrant is convertible into one Sahara Share at a price of \$0.90 for two years from the date of closing, at the option of the holder.
- (3) Each unit is comprised of one CDE Flow Through Share and one CDE Flow Through Share purchase warrant. Each Warrant will entitle the holder thereof to acquire, at any time prior to January 18, 2008, one CDE Flow Through Share upon payment of \$1.20. Pursuant to the private placement 6,000 finder warrants which each entitle the holder thereof to acquire one Sahara Share at a price of \$1.05 for one year from the date of closing the private placement.
- (4) Debentures are 10% fixed rate convertible debentures and are convertible into units at a price of \$0.90 per unit. Each unit is comprised of one Sahara Share and one Sahara Share purchase warrant. Each warrant is convertible into one Sahara Share at a price of \$0.90 for two years from the date of closing, at the option of the holder.
- (5) Issued on a "flow-through" basis and renounced to subscribers as Canadian Development Expenses pursuant to the Tax Act.
- (6) These shares were issued to certain trade creditors in satisfaction of debts owing to such creditors.
- (7) These shares were issued to certain trade creditors in satisfaction of debts owing to such creditors.

PRICE RANGE AND TRADING VOLUME OF THE SAHARA SHARES

The outstanding Sahara Shares are currently traded on the TSXV under the trading symbol "SAH". The following table sets forth the price range and trading volume of the Sahara Shares on the TSXV for the periods indicated.

<u>Period</u>	<u>High</u>	<u>Low</u>	<u>Volume</u>
<u>2006</u>			
January	1.500	0.520	749,056
February	1.750	1.180	433,361
March	1.600	1.010	441,600
April	1.300	1.150	348,000
May	1.230	0.980	460,300
June	1.120	0.800	147,189
July	1.360	0.850	503,450
August	1.180	0.910	258,864
September	1.540	1.040	3,377,548
October	1.600	1.040	895,486
November	1.650	1.380	952,289
December	1.620	1.380	860,987
<u>2007</u>			
January	1.500	1.150	741,386
February	1.450	1.150	804,408
March	1.300	0.960	794,204
April	1.060	0.920	1,322,696
May	1.090	0.890	558,312
June	0.920	0.500	5,933,175
July	0.790	0.590	910,899
August	0.750	0.365	569,042
September	0.480	0.260	844,800
October	0.270	0.115	1,996,320
November	0.325	0.100	4,227,863
December	0.150	0.100	1,623,820
<u>2008</u>			
January	0.190	0.075	1,188,300
February (to February 28)	0.110	0.065	1,068,050

ESCROWED SECURITIES

Pursuant to two separate escrow agreements (the "**Escrow Agreements**") among Sahara, Olympia Trust Company and certain of the current shareholders of the Sahara (including all of the directors and officers who hold Sahara Shares), the following securities of the Sahara are held in escrow:

<u>Designation of Class Held in Escrow</u>	<u>Number of Securities</u>	<u>Percentage of Class</u>
Sahara Shares	720,000	2.9%

Of the Sahara Shares held in escrow, an aggregate of 570,000 Sahara Shares are held in escrow pursuant to an agreement dated March 28, 2005 and are releasable/have been released as follows: ten percent (10%) of the escrowed Sahara Shares were released effective May 17, 2005 upon receipt of notice from the TSXV confirming the listing of the Sahara Shares (formerly Captain Energy Inc.) on the TSXV, fifteen percent (15%) of the escrowed Sahara Shares were released effective November 17, 2006, fifteen (15%) percent of the Sahara Shares were released effective May 17, 2007 and fifteen percent (15%) of the escrowed Sahara Shares were released effective November 17, 2007. The remaining forty five percent (45%) of such Sahara Shares will be released from escrow in fifteen

percent (15%) tranches during consecutive six month intervals. The remaining 150,000 are held in escrow pursuant to an agreement dated November 25, 2005 and are releasable/have been released as follows: ten percent (10%) of the escrowed Sahara Shares were released effective December 15, 2005 upon receipt of notice from the TSXV confirming the listing of the Sahara Shares on the TSXV, fifteen percent (15%) of the escrowed Sahara Shares were released effective June 15, 2006, fifteen (15%) percent of the Sahara Shares were released effective December 15, 2006 and fifteen percent (15%) of the escrowed Sahara Shares were released effective June 15, 2007. The remaining forty five percent (45%) of such Sahara Shares will be released from escrow in fifteen percent (15%) tranches during consecutive six month intervals. Sahara Shares held in escrow The above escrow release schedule is subject to acceleration in accordance with National Policy 46-201 – *Escrow for Initial Public Offerings* and the policies of the TSXV in the event that the Sahara subsequently meets certain listing requirements.

DIRECTORS AND OFFICERS

The name, municipality of residence, shareholdings and principal occupation for the past 5 years of each of Sahara's directors and executive officers are set out in the below table. The term of office for each director named below will expire at the next annual meeting of Sahara Shareholders.

Name, Place of Residence and Position with Sahara	Number and Percent of Sahara Shares Beneficially Owned or Controlled ⁽¹⁾	Date First Appointed	Principal Occupation During the Last 5 Years
Peter Boswell ⁽¹⁾⁽²⁾ Calgary, Alberta, Canada President, Chief Executive Officer and a Director	3,527,500 (14.6%)	October 2005	President of Brolandar Holdings Ltd., a private investment company; Vice-President and a director of Wave Energy Ltd., a private oil and gas company from January 2004 until August 2005; Prior thereto, President of Stateside Oil Sahara.
Rene LaPrade ⁽¹⁾⁽²⁾ Calgary, Alberta, Canada Director	180,000 (0.75%)	September 2006	President and Chief Executive Officer of Mirage Energy Ltd since October 2006; Prior thereto, Vice-President, Operations of Petrobank Energy and Resources Ltd. from July 2002 until September 2006; Prior thereto, Manager Operations of Barrington Petroleum Ltd. from May 2001 until September 2001.
William Petrie ⁽¹⁾⁽²⁾ Calgary, Alberta, Canada Director	467,700 (1.9%)	April 2005	Currently President of Marengo Petroleum Corp., a private oil and gas company. Most recently President of Montego Exploration Ltd. until it was sold. Prior thereto, President of Marengo Exploration Ltd., a private oil and gas company. Director of Peyto Exploration & Development Corp. from June 1997 to December 2001.
Quentin Enns ⁽¹⁾⁽²⁾ Calgary, Alberta, Canada Vice President, Exploration and a Director	1,547,038 (6.4%)	November 2006	Vice President, Exploration of Sahara Energy Ltd. since March, 2006; Prior thereto, with Canadian Natural Resources Limited from 2000 to March 2006; Prior to joining Canadian Natural Resources Limited, Mr. Enns was the founder and president of Find Oil & Gas Ltd., a private oil and gas company.

Name, Place of Residence and Position with Sahara	Number and Percent of Sahara Shares Beneficially Owned or Controlled⁽¹⁾	Date First Appointed	Principal Occupation During the Last 5 Years
Dufton Lewis Calgary, Alberta, Canada Vice-President, Finance and Chief Financial Officer	0 (0%)	July 2007	Dufton Lewis is the Vice President, Finance and Chief Financial Officer of Sahara as well as the Acting Vice President, Finance and Chief Financial Officer of Mirage Energy Ltd. Prior to his holding the position as Vice President, Finance and Chief Financial Officer Mr. Lewis was the Controller of the Sahara. Prior thereto, from 2004, Mr. Lewis was Manager, Enterprise Risk Services for Deloitte & Touche LLP. Prior thereto, Mr. Lewis was founder and principal of an accounting firm specializing in all areas of oil and gas accounting and auditing, including financial accounting and reporting functions for small to mid size companies.

Notes:

- (1) The information as to Sahara Shares beneficially owned, not being within the knowledge of Sahara, has been furnished by the respective directors and officers individually.
- (2) Member of the Audit Committee.
- (3) Sahara does not have an executive committee.

The directors and executive officers of Sahara as a group, beneficially own, or exercise control or direction over, an aggregate of 5,722,238 Sahara Shares representing approximately 23.8% of the issued and outstanding Sahara Shares.

Corporate Cease Trade Orders or Bankruptcies

No director or officer of Sahara has, within the last ten years prior to the date of this Information Circular, been a director or executive officer of any company (including Sahara) that (i) while that person was acting in that capacity was the subject of a cease trade or similar order or an order that denied Sahara access to any exemption under securities legislation for a period of more than 30 consecutive days; or (ii) was subject to an event that resulted, after the director or executive officer ceased to be a director or executive officer, in the company being the subject of a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days; or (iii) while that person was acting in that capacity or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

In addition, no director of Sahara has, within the 10 years before the date of this Information Circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold its assets.

Penalties or Sanctions

To the best of management's knowledge, no director or officer of Sahara, or a shareholder holding sufficient securities of Sahara to effect materially the control of Sahara, has been subject to any penalties or sanctions imposed by a court relating to Canadian securities legislation or by a Canadian securities regulatory authority or has entered into a settlement agreement with a Canadian securities regulatory authority relating to trading in securities, promotion or management of a publicly traded issuer or theft or fraud, or has been subject to any other penalties or sanctions imposed by a court or a regulatory body that would be likely to be considered important to a reasonable investor making an investment decision.

EXECUTIVE COMPENSATION

Compensation of Executive Officers

Securities legislation requires the disclosure of the compensation of certain executive officers, including the Chief Executive Officer, Chief Financial Officer and the other officers whose total salary and bonus exceeded Cdn\$150,000 for the year and any individual who would have been included except for the fact that such individual was not serving as an officer of the Sahara as at the end of the most recently completed financial year end (the "Named Executive Officers"). The following table sets out all compensation awarded to, earned by or paid to the Named Executive Officers for the last three fiscal years. There were no other executive officers of the Sahara whose salary plus bonus in the year ended December 31, 2007 was in excess of \$150,000.

Summary Compensation Table

Name and Principal Position	Period Ended	Annual Compensation			Long Term Compensation			All Other Compensation
		Salary	Bonus	Other annual compensation (\$)	Securities Under Options / SARs Granted	Restricted Shares or Restricted Share Units	Payouts	
						LTIP Payouts (\$)		
Peter Boswell	Dec. 31, 2007	\$126,000	Nil	Nil	Nil	Nil	Nil	Nil
President and	Dec. 31, 2006	\$120,000	\$12,000	Nil	Nil	Nil	Nil	Nil
Chief Executive Officer	Dec. 31, 2005	\$20,000	Nil	Nil	900,000	Nil	Nil	Nil
Murray MacLean ⁽¹⁾	Dec. 31, 2007	\$68,125	Nil	Nil	Nil	Nil	Nil	Nil
Vice President,	Dec. 31, 2006			Nil	Nil	Nil	Nil	Nil
Finance and Chief Financial Officer	Dec. 31, 2005	\$72,750	\$12,000	Nil	100,000	Nil	Nil	Nil
		\$5,000	Nil					
Dufton Lewis ⁽²⁾	Dec. 31, 2007	\$45,000	Nil	Nil	150,000	Nil	Nil	Nil
Vice President, Finance and Chief Financial Officer								

Notes:

- (1) Murray MacLean resigned as Vice-President, Finance and Chief Financial Officer on July 13, 2007 and as such, the annual compensation provided in the table above is on a pro-rata basis. In addition, all of Mr. MacLean's options have expired, unexercised.
- (2) Dufton Lewis was appointed Vice-President, Finance and Chief Financial Officer on July 13, 2007 and as such, the annual compensation provided in the table above is on a pro-rata basis. Prior thereto, Mr. Lewis was Sahara's controller.

Option Grants During the Year Ended December 31, 2007

The following table sets forth details with respect to all options granted to the Named Executive Officers during the fiscal year ended December 31, 2007.

<u>Name</u>	<u>Securities under Options/SARs Granted</u>	<u>Percentage of Total Options Granted to Employees in 2007</u>	<u>Exercise or Base Price</u>	<u>Market Value of Securities Underlying Options/SARs on Date of Grant</u>	<u>Expiration Date</u>
	<u>(#)</u>	<u>(%)</u>	<u>(\$/Security)</u>	<u>(\$/Security)</u>	
Peter Boswell	Nil	Nil %	\$ Nil	\$ Nil	Nil
Murray MacLean	Nil	Nil %	\$ Nil	\$ Nil	Nil
Dufton Lewis	150,000	66.6%	\$0.90	\$0.90	May 30, 2012

Note:

- (1) All Sahara Options vest as to 1/3 on each of the first, second and third anniversaries from the date of grant.

Aggregated Option Exercises During the Year Ended December 31, 2007, and Year-End Option Values

The following table sets forth certain information with respect to Sahara Options to acquire Sahara Shares. The closing price for the Sahara Shares on the TSXV on December 31, 2007 was \$0.12 per share.

<u>Named Executive Officer</u>	<u>Sahara Shares Acquired on Exercise (#)</u>	<u>Aggregate Value Realized (Cdn\$)</u>	<u>Unexercised Options at December 31, 2007 (#)</u>		<u>Value of Unexercised In-the-Money Options at December 31, 2007⁽¹⁾</u>	
			<u>Exercisable</u>	<u>Unexercisable</u>	<u>Exercisable</u>	<u>Unexercisable</u>
Peter Boswell President and Chief Executive Officer	Nil	Nil	900,000	0	Nil	Nil
Murray MacLean ⁽²⁾ Vice President, Finance and Chief Financial Officer	N/A	N/A	N/A	N/A	N/A	N/A
Dufton Lewis Vice President, Finance and Chief Financial Officer	Nil	Nil	50,000	100,000	Nil	Nil

Notes:

- (1) These amounts were calculated by multiplying the number of vested unexercised Sahara Options ("**Exercisable**") or unvested Sahara Options ("**Unexercisable**"), as applicable, by the difference between the last closing trading price of the Sahara Shares on the TSXV on or prior to December 31, 2007 (\$0.12 per share) and the exercise price of the relevant Sahara Options.
- (2) Mr. MacLean's Sahara Options expired, unexercised, subsequent to his departure from Sahara in July 2007.

Stock Option Plan

Sahara has an option plan (the "**Option Plan**") for its directors, officers, employees and consultants. Under the Option Plan, Sahara can grant Sahara Options to purchase up to 2,423,200 Sahara Shares. The criteria used to determine eligibility for granting of Sahara Options, the number of Sahara Shares covered by each option and the term of each option is at the discretion of the Board of Directors and the exercise price is determined by the Board of Directors based on the market price of the Sahara Shares on the date of the grant. The exercise price may not be less than the discounted exercise price prescribed by the policies of the TSXV. The term of an option may not be for

more than five years from the date on which it was granted. All Sahara Options are non-transferable. Vesting provisions are determined by the Board of Directors at the time of grant; however, generally Sahara Options granted vest as to one-third immediately, and one-third on each of the first and second. The maximum number of Sahara Shares reserved for issuance to any one individual is not to exceed (five) per cent (5%) of the issued and outstanding Sahara Shares without disinterested shareholder approval.

Securities Authorized for Issuance Under Equity Compensation Plans

The following sets forth information in respect of securities authorized for issuance under the Sahara's equity compensation plans as at December 31, 2007. The only such plan in existence is the Option Plan referenced above.

<u>Plan Category</u>	<u>Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)</u>	<u>Weighted average exercise price of outstanding options, warrants and rights (b)</u>	<u>Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)</u>
Equity compensation plans approved by securityholders	2,440,000 Sahara Shares	\$0.64 per share	17,000 Sahara Shares
Equity compensation plans not approved by securityholders	N/A	N/A	N/A
Total	2,440,000 Sahara Shares	\$0.64 per share	17,000 Sahara Shares

Directors

For the year ended December 31, 2007, directors of Sahara were not paid any cash compensation for acting as directors of the Sahara. The directors of Sahara have been granted Sahara Options to purchase Sahara Shares pursuant to the Option Plan.

Termination of Employment, Change of Control and Employment Contracts

Sahara has no plans or arrangements in respect of compensation received or that may be received by a Named Executive Officer in the fiscal year ended December 31, 2007, or the current financial year in respect of compensating such officer in the event of termination (as a result of resignation, retirement, change of control, etc.) or in the event of a change in responsibilities following a change of control, where in respect of a Named Executive Officer the value of such compensation exceeds \$100,000.

INDEBTEDNESS OF DIRECTORS AND OFFICERS

No director or executive officer of Sahara, or associate or affiliate of any such director or executive officer, is or has been indebted to Sahara since the beginning of the last completed financial year of Sahara.

INDUSTRY CONDITIONS

The oil and natural gas industry is subject to extensive controls and regulations governing its operations (including land tenure, exploration, development, production, refining, transportation, and marketing) imposed by legislation enacted by various levels of government and with respect to pricing and taxation of oil and natural gas by agreements among the governments of Canada, Alberta and Saskatchewan, all of which should be carefully considered by investors in the oil and gas industry. It is not expected that any of these controls or regulations will affect Sahara's operations in a manner materially different than they would affect other oil and gas companies of similar size. All current legislation is a matter of public record and Sahara is unable to predict what additional legislation or amendments may be enacted. Outlined below are some of the principal aspects of legislation, regulations and agreements governing the oil and gas industry.

Pricing and Marketing - Oil and Natural Gas

The producers of oil are entitled to negotiate sales contracts directly with oil purchasers, with the result that the market determines the price of oil. Oil prices are primarily based on worldwide supply and demand. The specific price depends in part on oil quality, prices of competing fuels, distance to the markets, the value of refined products, the supply/demand balance, and other contractual terms. Oil exporters are also entitled to enter into export contracts with terms not exceeding one year in the case of light crude oil and two years in the case of heavy crude oil, provided that an order approving such export has been obtained from the National Energy Board of Canada (the "NEB"). Any oil export to be made pursuant to a contract of longer duration (to a maximum of 25 years) requires an exporter to obtain an export licence from the NEB and the issuance of such licence requires the approval of the Governor in Council.

The price of natural gas is determined by negotiation between buyers and sellers. Natural gas exported from Canada is subject to regulation by the NEB and the Government of Canada. Exporters are free to negotiate prices and other terms with purchasers, provided that the export contracts must continue to meet certain other criteria prescribed by the NEB and the Government of Canada. Natural gas (other than propane, butane and ethane) exports for a term of less than two years or for a term of two to 20 years (in quantities of not more than 30,000 m³/day) must be made pursuant to an NEB order. Any natural gas export to be made pursuant to a contract of longer duration (to a maximum of 25 years) or a larger quantity requires an exporter to obtain an export licence from the NEB and the issuance of such licence requires the approval of the Governor in Council.

The governments of Alberta, British Columbia, and Saskatchewan also regulate the volume of natural gas that may be removed from those provinces for consumption elsewhere based on such factors as reserve availability, transportation arrangements, and market considerations.

Pipeline Capacity

Although pipeline expansions are ongoing, the lack of firm pipeline capacity continues to affect the oil and natural gas industry and limit the ability to produce and to market natural gas production. In addition, the pro rationing of capacity on the inter provincial pipeline systems also continues to affect the ability to export oil and natural gas.

The North American Free Trade Agreement

The North American Free Trade Agreement ("NAFTA") among the governments of Canada, United States of America, and Mexico became effective on January 1, 1994. NAFTA carries forward most of the material energy terms that are contained in the Canada United States Free Trade Agreement. In the context of energy resources, Canada continues to remain free to determine whether exports of energy resources to the United States or Mexico will be allowed, provided that any export restrictions do not: (i) reduce the proportion of energy resources exported relative to domestic use (based upon the proportion prevailing in the most recent 36 month period); (ii) impose an export price higher than the domestic price subject to an exception with respect to certain voluntary measures which only restrict the volume of exports; and (iii) disrupt normal channels of supply. All three countries are prohibited from imposing minimum or maximum export or import price requirements, provided, in the case of export price requirements, prohibition in any circumstances in which any other form of quantitative restriction is prohibited, and in the case of import price requirements, such requirements do not apply with respect to enforcement of countervailing and anti dumping orders and undertakings.

NAFTA contemplates the reduction of Mexican restrictive trade practices in the energy sector by 2010 and prohibits discriminatory border restrictions and export taxes. NAFTA also contemplates clearer disciplines on regulators to ensure fair implementation of any regulatory changes and to minimize disruption of contractual arrangements and avoid undue interference with pricing, marketing and distribution arrangements, which is important for Canadian natural gas exports.

Provincial Royalties and Incentives

General

In addition to federal regulation, each province has legislation and regulations which govern land tenure, royalties, production rates, environmental protection, and other matters. The royalty regime is a significant factor in the profitability of crude oil, natural gas liquids, sulphur, and natural gas production. Royalties payable on production from lands other than Crown lands are determined by negotiations between the mineral owner and the lessee, although production from such lands is subject to certain provincial taxes and royalties. Crown royalties are determined by governmental regulation and are generally calculated as a percentage of the value of the gross production. The rate of royalties payable generally depends in part on prescribed reference prices, well productivity, geographical location, field discovery date, method of recovery, and the type or quality of the petroleum product produced. Other royalties and royalty like interests are, from time to time, carved out of the working interest owner's interest through non-public transactions. These are often referred to as overriding royalties, gross overriding royalties, net profits interests, or net carried interests.

Occasionally the governments of the western Canadian provinces create incentive programs for exploration and development. Such programs often provide for royalty rate reductions, royalty holidays, and tax credits, and are generally introduced when commodity prices are low. The programs are designed to encourage exploration and development activity by improving earnings and cash flow within the industry. Royalty holidays and reductions would reduce the amount of Crown royalties paid by oil and gas producers to the provincial governments and would increase the net income and funds from operations of such producers. However, the trend in recent years has been for provincial governments to eliminate, amend or allow such incentive programs to expire without renewal, and consequently few such incentive programs are currently operative.

The Canadian federal corporate income tax rate levied on taxable income is 22.1% effective January 1, 2007 for active business income including resource income. With the elimination of the corporate surtax effective January 1, 2008 and other rate reductions introduced in the October 2007 Economic Statement and Notice of Ways and Means Motion, 2006 Federal Budget, the federal corporate income tax rate will decrease to 15% in five steps: 19.5% on January 1, 2008, 19% on January 1, 2009, 18% on January 1, 2010, 16.5% on January 1, 2011 and 15% on January 1, 2012.

Alberta

In Alberta, companies are granted the right to explore, produce and develop petroleum and natural gas resources in exchange for royalties, bonus bid payments and rents. Currently, the amount of royalties that are payable is influenced by the oil production, density of the oil, and the vintage of the oil. Originally, the vintage classified oil as "new oil" and "old oil" depending on when the oil pools were discovered. If the pool was discovered prior to March 31, 1974 it is considered "old oil", if it was discovered after March 31, 1974 and before September 1, 1992, it is considered "new oil". The Alberta government introduced in 1992 a Third Tier Royalty with a base rate of 10% and a rate cap of 25% for oil pools discovered after September 1, 1992. The new oil royalty reserved to the Crown has a base rate of 10% and a rate cap of 30%. The old oil royalty reserved to the Crown has a base rate of 10% and a rate cap of 35%.

The royalty reserved to the Crown in respect of natural gas production, subject to various incentives, is between 15% and 30%, in the case of new natural gas, and between 15% and 35%, in the case of old natural gas, depending upon a prescribed or corporate average reference price. Natural gas produced from qualifying intervals in eligible gas wells spudded or deepened to a depth below 2,500 metres is also subject to a royalty exemption, the amount of which depends on the depth of the well.

Oil sands projects are subject to a specific regulation made effective July 1, 1997, and expiring June 30, 2009, which, among other things, determines the Crown's share of crude and processed oil sands products.

Regulations made pursuant to the Mines and Minerals Act (Alberta) provided various incentives for exploring and developing oil reserves in Alberta. However, the Alberta Government announced in August of 2006 that four

royalty programs were to be amended, a new program was to be introduced and the Alberta Royalty Tax Credit Program ("**ARTC**") was to be eliminated, effective January 1, 2007. The programs affected by this announcement are: (i) Deep Gas Royalty Holiday; (ii) Low Productivity Well Royalty Reduction; (iii) Reactivated Well Royalty Exemption; and (iv) Horizontal Re Entry Royalty Reduction. The program being introduced is the Innovative Energy Technologies Program (the "**IETP**") which is intended to promote the producers' investment in research, technology and innovation for the purposes of improving environmental performance while creating commercial value. The IETP provides royalty reductions which are presumed to reduce financial risk. Alberta Energy will be the one to decide which projects qualify and the level of support that will be provided. The deadline for the IETP's third round of applications was May 31, 2007. The successful applicants have not yet been announced and it appears, based on the previous two rounds, that the selection process can take at least 8 months. The technical information gathered from this program is to be made public once a two-year confidentiality period expires.

On October 25, 2007, the Alberta government released a report entitled "The New Royalty Framework" (the "**NRF**") containing the government's proposals for Alberta's new royalty regime which is scheduled to be effective on January 1, 2009. The proposed NRF includes new royalty formulas for conventional oil and natural gas that will operate on sliding scales that are determined by commodity prices and well productivity. Substantial legislative, regulatory and systems updates will be introduced before changes become fully effective in January 2009. See "Risk Factors – New Alberta Royalty Regime".

Saskatchewan

In Saskatchewan, the amount payable as a royalty in respect of oil depends on the vintage of the oil, the type of oil, the quantity of oil produced in a month, and the value of the oil. For Crown royalty and freehold production tax purposes, crude oil is considered "heavy oil", "southwest designated oil", or "non heavy oil other than southwest designated oil". The conventional royalty and production tax classifications ("fourth tier oil", "third tier oil", "new oil", and "old oil") of oil production are applicable to each of the three crude oil types. The Crown royalty and freehold production tax structure for crude oil is price sensitive and varies between the base royalty rates of 5% for all "fourth tier oil" to 20% for "old oil". Marginal royalty rates are 30% for all "fourth tier oil" to 45% for "old oil".

The amount payable as a royalty in respect of natural gas is determined by a sliding scale based on a reference price (which is the greater of the amount obtained by the producer and a prescribed minimum price), the quantity produced in a given month, the type of natural gas, and the vintage of the natural gas. As an incentive for the production and marketing of natural gas which may have been flared, the royalty rate on natural gas produced in association with oil is less than on non associated natural gas. The royalty and production tax classifications of gas production are "fourth tier gas" introduced October 1, 2002, "third tier gas", "new gas", and "old gas". The Crown royalty and freehold production tax for gas is price sensitive and varies between the base royalty rate of 5% for "fourth tier gas" and 20% for "old gas". The marginal royalty rates are between 30% for "fourth tier gas" and 45% for "old gas".

On October 1, 2002, the following changes were made to the royalty and tax regime in Saskatchewan:

A new Crown royalty and freehold production tax regime applicable to associated natural gas (gas produced from oil wells) that is gathered for use or sale. The royalty/tax will be payable on associated natural gas produced from an oil well that exceeds approximately 65 thousand cubic metres in a month.

A modified system of incentive volumes and maximum royalty/tax rates applicable to the initial production from oil wells and gas wells with a finished drilling date on or after October 1, 2002, was introduced. The incentive volumes are applicable to various well types and are subject to a maximum royalty rate of 2.5% and a freehold production tax rate of zero per cent.

The elimination of the re entry and short section horizontal oil well royalty/tax categories. All horizontal oil wells with a finished drilling date on or after October 1, 2002, will receive the "fourth tier" royalty/tax rates and new incentive volumes.

In 1975, the Government of Saskatchewan introduced a Royalty Tax Rebate ("**RTR**") as a response to the federal government disallowing crown royalties and similar taxes as a deductible business expense for income tax purposes. As of January 1, 2007, the remaining balance of any unused RTR will be limited in its carry forward to five years since the federal government had the initiative to reintroduce the full deduction of provincial resource royalties from federal and provincial taxable income.

On June 19, 2007, the Government of Saskatchewan introduced the Orphan Well and Facility Liability Management Program pursuant to the amendment of the *Oil and Gas Conservation Act* (Saskatchewan) and the *Oil and Gas Conservation Regulations*, 1985. The program includes a security deposit, which has two purposes: (i) preventing the individual with insufficient financial capability from acquiring oil and gas wells or facilities; and (ii) in the case of a bankrupt company, the funds cover the decommissioning and reclaiming of orphan property. An additional change introduced is the mandatory licensing of all upstream oil and gas facilities in Saskatchewan.

Land Tenure

Crude oil and natural gas located in the western provinces is owned predominantly by the respective provincial governments. Provincial governments grant rights to explore for and produce oil and natural gas pursuant to leases, licences, and permits for varying terms, and on conditions set forth in provincial legislation including requirements to perform specific work or make payments. Oil and natural gas located in such provinces can also be privately owned and rights to explore for and produce such oil and natural gas are granted by lease on such terms and conditions as may be negotiated.

Environmental Regulation

The oil and natural gas industry is currently subject to environmental regulations pursuant to a variety of provincial and federal legislation. Such legislation provides for restrictions and prohibitions on the release or emission of various substances produced in association with certain oil and gas industry operations. In addition, such legislation requires that well and facility sites be abandoned and reclaimed to the satisfaction of provincial authorities. Compliance with such legislation can require significant expenditures and a breach of such requirements may result in suspension or revocation of necessary licenses and authorizations, civil liability for pollution damage, and the imposition of material fines and penalties.

Environmental legislation in the Province of Alberta has been consolidated into the *Environmental Protection and Enhancement Act* (Alberta) (the "**EPEA**"), which came into force on September 1, 1993, and the *Oil and Gas Conservation Act* (Alberta) (the "**OGCA**"). The EPEA and OGCA impose stricter environmental standards, require more stringent compliance, reporting and monitoring obligations, and significantly increased penalties. In 2006, the Alberta Government enacted regulations pursuant to the EPEA to specifically target sulphur oxide and nitrous oxide emissions from industrial operations including the oil and gas industry. In addition, the reduction emission guidelines outlined in the *Climate Change and Emissions Management Amendment Act* came into effect on July 1, 2007. Under this legislation, Alberta facilities emitting more than 100,000 tonnes of greenhouse gases a year must reduce their emissions intensity by 12%. Industries have three options to choose from in order to meet the reduction requirements outlined in this legislation, and these are: (i) by making improvement to operations that result in reductions; (ii) by purchasing emission credits from other sectors or facilities that have emissions below the 100,000 tonne threshold and are voluntarily reducing their emission; or (iii) by contributing to the Climate Change and Emissions Management Fund. Industries can either choose one of these options or a combination thereof. Sahara will be committed to meeting its responsibilities to protect the environment wherever it operates and anticipates making increased expenditures of both a capital and an expense nature as a result of the increasingly stringent laws relating to the protection of the environment, and will be taking such steps as required to ensure compliance with the EPEA and similar legislation in other jurisdictions in which it operates. Sahara believes that it is in material compliance with applicable environmental laws and regulations. Sahara also believes that it is reasonably likely that the trend towards stricter standards in environmental legislation and regulation will continue.

On January 24, 2008, the Alberta Government announced a new climate change action plan that will cut Alberta's projected 400 million tonnes of emissions in half by 2050. This plan is based on three areas: (i) carbon capture and storage, which will be mandatory for in situ oil sand facilities that use heavy fuels for steam generation; (ii) energy conservation and efficiency; and (iii) greening production through increased investment in clean energy technology,

including supporting research on new oil sands extraction processes, as well as the funding of projects that reduce the cost of separating carbon dioxide from other emissions supporting carbon capture and storage.

In December 2002, the Government of Canada ratified the Kyoto Protocol ("**Protocol**"). The Protocol calls for Canada to reduce its greenhouse gas emissions to 6% below 1990 "business as usual" levels between 2008 and 2012. Given revised estimates of Canada's normal emissions levels, this target translates into an approximately 40% gross reduction in Canada's current emissions. It remains uncertain whether the Kyoto target of 6% below 1990 emission levels will be enforced in Canada. The Federal Government has introduced legislation aimed at reducing greenhouse gas emissions using an "intensity based" approach, the specifics of which have yet to be determined. Bill C-288, which is intended to ensure that Canada meets its global climate change obligations under the Kyoto Protocol, was passed by the House of Commons on February 14, 2007. On April 26, 2007, the Federal Government released its Action Plan to Reduce Greenhouse Gases and Air Pollution (the "**Action Plan**") also known as ecoACTION which includes the regulatory framework for air emissions. This Action Plan covers not only large industry, but regulates the fuel efficiency of vehicles and the strengthening of energy standards for a number of energy using products. On January 31, 2008, the Government of Canada and the Province of Alberta released the final report of the Canada-Alberta ecoENERGY Carbon Capture and Storage Task Force, which recommends among others: (i) incorporating carbon capture and storage into Canada's clean air regulations; (iii) allocating new funding into projects through competitive process; and (ii) targeting research to lower the cost of technology.

Given the evolving nature of the debate related to climate change and the control of greenhouse gases and resulting requirements, it is not currently possible to predict either the nature of those requirements or the impact on Sahara and its operations and financial condition at this time. As details of the implementation of this legislation have not yet been announced, the effect on Sahara's operations cannot be determined at this time.

TRENDS

There are a number of trends that have been developing in the oil and gas industry during the past several years that appear to be shaping the near future of the business.

The first trend is the volatility of commodity prices. Natural gas is a commodity influenced by factors within North America. A tight supply-demand balance for natural gas causes significant elasticity in pricing, whereas higher than average storage levels tend to depress natural gas pricing. Drilling activity, weather, fuel switching and demand for electrical generation are all factors that affect the supply-demand balance. Recently, liquefied natural gas shipments to North America have also resulted in natural gas supply and natural gas pricing being based more on factors other than supply and demand in North America. Changes to any of these or other factors create price volatility.

Crude oil is influenced by the world economy, Organization of the Petroleum Exporting Countries' ability to adjust supply to world demand and weather. Crude oil prices have been kept high by political events causing disruptions in the supply of oil and concern over potential supply disruptions triggered by unrest in the Middle East and more recently have been impacted by weather and increased storage levels. Political events trigger large fluctuations in price levels.

The impact on the oil and gas industry from commodity price volatility is significant. During periods of high prices, producers generate sufficient cash flows to conduct active exploration programs without external capital. Increased commodity prices frequently translate into very busy periods for service suppliers triggering premium costs for their services. Purchasing land and properties similarly increase in price during these periods. During low commodity price periods, acquisition costs drop, as do internally generated funds to spend on exploration and development activities. With decreased demand, the prices charged by the various service suppliers also decline.

World oil and gas prices are quoted in United States dollars and the price received by Canadian producers is therefore effected by the Canadian/U.S. dollar exchange rate, which will fluctuate over time. In recent times, the Canadian dollar has increased materially in value against the United States dollar. Such material increases in the value of the Canadian dollar may negatively impact production revenues from Canadian producers and further increases in the value of the Canadian dollar would exacerbate this negative impact. Such increases may also negatively impact the future value of such entities' reserves as determined by independent evaluators.

A second trend within the Canadian oil and gas industry is the "renewal" of private and small junior oil and gas companies starting up business. These companies often have experienced management teams from previous industry organizations that have disappeared as a part of the ongoing industry consolidation. Many are able to raise capital and recruit well qualified personnel. To the extent that this trend continues, Sahara will have to compete with these companies and others to attract qualified personnel.

A third trend currently affecting the oil and gas industry is the impact on capital markets caused by investor uncertainty in the North American economy. The capital market volatility in Canada has also been affected by uncertainties surrounding the economic impact that the Protocol, and other environmental initiatives, will have on the sector and, in more recent times, by the October 31, 2006 proposals of the Federal government of Canada (the "**Trust Proposal**") relating to income trusts and other "specified investment flow-through" entities ("**SIFTs**") and by the October 25, 2007 proposal of the Alberta government relating to the NRF. The impact of the NRF is still being determined and will vary company to company based on the percentage of production in Alberta, their commodity mix and depths of production, among other things. The announcement by the Alberta government also negatively impacts investor sentiment to invest in the province of Alberta. The amount and degree of these impacts have yet to be determined.

Pursuant to the existing provisions of the Tax Act, to the extent that a SIFT has any income for a taxation year after certain inclusions and deductions, the SIFT will be permitted to deduct all amounts of income which are paid or become payable by it to unitholders in the year. Under the Trust Proposal, SIFTs will be liable for tax at a rate consistent with the taxes currently imposed on corporations commencing in January 2011, provided that the SIFT experiences only "normal growth" and no "undue expansion" before then, in which case the tax could be imposed prior to the January 2011 deadline. Bill C-52, which received Royal Assent on June 22, 2007, contained legislation implementing the Trust Proposal. Although the Trust Proposal will not affect the method in which Sahara will be taxed, it may have an impact on the ability of a SIFT to purchase producing assets from oil and gas exploration and production companies (as well as the price that a SIFT is willing to pay for such an acquisition) thereby affecting exploration and production companies' ability to be sold to a SIFT which has been a key "exit strategy" in recent years for oil and gas companies. This may be a benefit for Sahara as it will compete with SIFTs for the acquisition of oil and gas properties from junior producers. However, it may also limit Sahara's ability to sell producing properties or pursue an exit strategy.

RISK FACTORS

An investment in Sahara should be considered highly speculative due to the nature of Sahara's activities and the present stage of its development. Investors should carefully consider the following risk factors:

Failure to Realize Anticipated Benefits of Acquisitions and Dispositions

Sahara will make acquisitions and dispositions of businesses and assets in the ordinary course of business, including the acquisition of Mirage pursuant to the Arrangement. Achieving the benefits of the Arrangement, and other acquisitions, depends in part on successfully consolidating functions and integrating operations and procedures in a timely and efficient manner as well as Sahara's ability to realize the anticipated growth opportunities and synergies from combining the acquired businesses and operations with those of Sahara. The integration of acquired business may require substantial management effort, time and resources and may divert management's focus from other strategic opportunities and operational matters.

Exploration, Development and Production Risks

Sahara is involved in the oil and gas business. Oil and natural gas operations involve many risks that even a combination of experience, knowledge and careful evaluation may not be able to overcome. The long term commercial success of Sahara will depend on its ability to find, acquire, develop and commercially produce oil and natural gas reserves. Without the continual addition of new reserves, any existing reserves Sahara may have at any particular time and the production therefrom will decline over time as such existing reserves are exploited. A future increase in Sahara's reserves will depend not only on its ability to explore and develop any properties it may have from time to time, but also on its ability to select and acquire suitable producing properties or prospects. No assurance can be given that Sahara will be able to continue to locate satisfactory properties for acquisition or

participation. Moreover, if such acquisitions or participations are identified, Sahara may determine that current markets, terms of acquisition and participation or pricing conditions make such acquisitions or participations uneconomic. There is no assurance that further commercial quantities of oil and natural gas will be discovered or acquired by Sahara.

Future oil and natural gas exploration may involve unprofitable efforts, not only from dry wells, but from wells that are productive but do not produce sufficient net revenues to return a profit after drilling, operating and other costs. Completion of a well does not assure a profit on the investment or recovery of drilling, completion and operating costs. In addition, drilling hazards or environmental damage could greatly increase the cost of operations, and various field operating conditions may adversely affect the production from successful wells. These conditions include delays in obtaining governmental approvals or consents, shut ins of connected wells resulting from extreme weather conditions, insufficient storage or transportation capacity or other geological and mechanical conditions.

While diligent well supervision and effective maintenance operations can contribute to maximizing production rates over time, production delays and declines from normal field operating conditions cannot be eliminated and can be expected to adversely affect revenue and cash flow levels to varying degrees.

Oil and natural gas exploration, development and production operations are subject to all the risks and hazards typically associated with such operations, including hazards such as fire, explosion, blowouts, cratering, sour gas releases and spills, each of which could result in substantial damage to oil and natural gas wells, production facilities, other property and the environment or in personal injury. In accordance with industry practice, Sahara is not fully insured against all of these risks, nor are all such risks insurable. Although Sahara maintains liability insurance in an amount that it considers consistent with industry practice, the nature of these risks is such that liabilities could exceed policy limits, in which event Sahara could incur significant costs that could have a material adverse effect upon its financial condition. Oil and natural gas production operations are also subject to all the risks typically associated with such operations, including encountering unexpected formations or pressures, premature decline of reservoirs and the invasion of water into producing formations. Losses resulting from the occurrence of any of these risks could have a material adverse effect on future results of operations, liquidity and financial condition.

Competition

Oil and gas exploration is intensely competitive in all its phases and involves a high degree of risk. Sahara competes with numerous other participants in the search for, and the acquisition of, oil and natural gas properties and in the marketing of oil and natural gas. Sahara's competitors include oil and natural gas companies that have substantially greater financial resources, staff and facilities than those of Sahara. Sahara's ability to increase reserves in the future will depend not only on its ability to explore and develop its present properties, but also on its ability to select and acquire suitable producing properties or prospects for exploratory drilling. Competitive factors in the distribution and marketing of oil and natural gas include price and methods and reliability of delivery. Competition may also be presented by alternate fuel sources.

Regulatory

Oil and natural gas operations (exploration, production, marketing and transportation) are subject to extensive controls and regulations imposed by various levels of government, which may be amended from time to time. See "Industry Conditions". Governments may regulate or intervene with respect to price, taxes, royalties and the exportation of oil and natural gas. Such regulations may be changed from time to time in response to economic or political conditions. The implementation of new regulations or the modification of existing regulations affecting the oil and natural gas industry could reduce demand for natural gas and crude oil and increase Sahara's costs, any of which may have a material adverse effect on Sahara's business, financial condition and results of operations. In order to conduct oil and gas operations, Sahara will require licenses from various governmental authorities. There can be no assurance that Sahara will be able to obtain all of the licenses and permits that may be required to conduct operations that it may wish to undertake.

New Alberta Royalty Regime

On October 25, 2007, the Alberta government released the NRF containing the government's proposals for Alberta's new royalty regime which is scheduled to be effective on January 1, 2009. Given that the NRF has only recently been announced, it is not possible at this time to determine the full impact of the NRF on Sahara's financial condition and operations.

Sahara cannot provide any assurance that the NRF will be implemented in the form proposed. If changes are made to the NRF before it is implemented by the Alberta government, such changes could result in the implementation of a new royalty regime that impacts Sahara in a materially different manner, and that is more adverse to Sahara, than the NRF as currently proposed.

Greenhouse Gases Legislation

The Canadian federal government has announced its intention to regulate greenhouse gases ("**GHG**") and other air pollutants. In late April 2007, the federal government announced its regulatory framework (the "**Framework**") that outlines its clean air and climate change action plan, including a target to reduce GHG emissions and a commitment to regulate industry on an emissions intensity basis in the short-term. The regulations to achieve these objectives will be enacted under the Canadian Environmental Protection Act, 1999 and will be introduced starting in spring 2008. For GHG, the Framework sets a 2010 implementation date for emissions intensity reduction targets. The government of Alberta has also passed legislation that regulates GHG emissions from certain facilities located in the province. The Alberta government's legislation is called the *Climate Change and Emissions Management Act*. Sahara's exploration and production facilities and other operations and activities will emit a small amount of GHG which may subject Sahara to legislation regulating emissions of GHG. The direct or indirect costs of these regulations may adversely affect the business of Sahara.

Environmental

All phases of the oil and natural gas business present environmental risks and hazards and are subject to environmental regulation pursuant to a variety of federal, provincial and local laws and regulations. Environmental legislation provides for, among other things, restrictions and prohibitions on spills, releases or emissions of various substances produced in association with oil and natural gas operations. The legislation also requires that wells and facility sites be operated, maintained, abandoned and reclaimed to the satisfaction of applicable regulatory authorities. Compliance with such legislation can require significant expenditures and a breach may result in the imposition of fines and penalties, some of which may be material. Environmental legislation is evolving in a manner expected to result in stricter standards and enforcement, larger fines and liability and potentially increased capital expenditures and operating costs. The discharge of oil, natural gas or other pollutants into the air, soil or water may give rise to liabilities to governments and third parties and may require Sahara to incur costs to remedy such discharge. Although Sahara believes that it is in material compliance with current applicable environmental regulations, no assurance can be given that environmental laws will not result in a curtailment of production or a material increase in the costs of production, development or exploration activities or otherwise adversely affect Sahara's financial condition, results of operations or prospects.

Prices, Markets and Marketing

The marketability and price of oil and natural gas that may be acquired or discovered by Sahara will be affected by numerous factors beyond its control. Sahara's ability to market its natural gas may depend upon its ability to acquire space on pipelines that deliver natural gas to commercial markets. Sahara may also be affected by deliverability uncertainties related to the proximity of its reserves to pipelines and processing facilities, and related to operational problems with such pipelines and facilities as well as extensive government regulation relating to price, taxes, royalties, land tenure, allowable production, the export of oil and natural gas and many other aspects of the oil and natural gas business.

Sahara's revenue, profitability and future growth and the carrying value of its oil and gas properties are substantially dependent on prevailing prices of oil and gas. Sahara's ability to borrow and to obtain additional capital on

attractive terms is also substantially dependent upon oil and gas prices. Prices for oil and gas are subject to large fluctuations in response to relatively minor changes in the supply of and demand for oil and gas, market uncertainty and a variety of additional factors beyond the control of Sahara. These factors include economic conditions in the United States and Canada, the actions of the Organization of Petroleum Exporting Countries, governmental regulation, political stability in the Middle East and elsewhere, the foreign supply of oil and gas, the price of foreign imports and the availability of alternative fuel sources. Any substantial and extended decline in the price of oil and gas would have an adverse effect on Sahara's carrying value of its proved reserves, borrowing capacity, revenues, profitability and cash flows from operations.

Volatile oil and gas prices make it difficult to estimate the value of producing properties for acquisition and often cause disruption in the market for oil and gas producing properties, as buyers and sellers have difficulty agreeing on such value. Price volatility also makes it difficult to budget for and project the return on acquisitions and development and exploitation projects.

Variations in Foreign Exchange Rates and Interest Rates

World oil and gas prices are quoted in United States dollars and the price received by Canadian producers is therefore affected by the Canadian/U.S. dollar exchange rate, which will fluctuate over time. In recent years, the Canadian dollar has increased materially in value against the United States dollar. Such material increases in the value of the Canadian dollar have negatively impacted Sahara. Further material increases in the value of the Canadian dollar would exacerbate this negative impact. This increase in the exchange rate for the Canadian dollar and future Canadian/United States exchange rates could accordingly impact the future value of Sahara's reserves as determined by independent evaluators.

To the extent that Sahara engages in risk management activities related to foreign exchange rates, there is a credit risk associated with counterparties with which Sahara may contract.

An increase in interest rates could result in a significant increase in the amount Sahara pays to service debt, which could negatively impact the value of the Sahara Shares.

Substantial Capital Requirements

Sahara anticipates making substantial capital expenditures for the acquisition, exploration, development and production of oil and natural gas reserves in the future. If Sahara's revenues or reserves decline, it may have limited ability to expend the capital necessary to undertake or complete future drilling programs. There can be no assurance that debt or equity financing or cash generated by operations will be available or sufficient to meet these requirements or for other corporate purposes or, if debt or equity financing is available, that it will be on terms acceptable to Sahara. The inability of Sahara to access sufficient capital for its operations could have a material adverse effect on Sahara's financial condition, results of operations or prospects.

Additional Funding Requirements

Sahara's cash flow from its reserves and its debt capacity may not be sufficient to fund its ongoing activities at all times. From time to time, Sahara may require additional financing in order to carry out its oil and gas acquisition, exploration and development activities. Failure to obtain such financing on a timely basis could cause Sahara to forfeit its interest in certain properties, miss certain acquisition opportunities and reduce or terminate its operations. If Sahara's revenues from its reserves decrease as a result of lower oil and natural gas prices or otherwise, it will affect Sahara's ability to expend the necessary capital to replace its reserves or to maintain its production. If Sahara's cash flow from operations is not sufficient to satisfy its capital expenditure requirements, there can be no assurance that additional debt or equity financing will be available to meet these requirements or available on terms acceptable to Sahara.

Issuance of Debt

From time to time Sahara may enter into transactions to acquire assets or the shares of other corporations. These transactions may be financed partially or wholly with debt, which may increase Sahara's debt levels above industry standards. Depending on future exploration and development plans, Sahara may require additional equity and/or debt financing that may not be available or, if available, may not be available on favourable terms. Neither Sahara's articles nor its by laws limit the amount of indebtedness that Sahara may incur. The level of Sahara's indebtedness from time to time could impair Sahara's ability to obtain additional financing in the future on a timely basis to take advantage of business opportunities that may arise.

Hedging

From time to time Sahara may enter into agreements to receive fixed prices on its oil and natural gas production to offset the risk of revenue losses if commodity prices decline; however, if commodity prices increase beyond the levels set in such agreements, Sahara will not benefit from such increases. Similarly, from time to time Sahara may enter into agreements to fix the exchange rate of Canadian to United States dollars in order to offset the risk of revenue losses if the Canadian dollar increases in value compared to the United States dollar; however, if the Canadian dollar declines in value compared to the United States dollar, Sahara would not benefit from the fluctuating exchange rate for the fixed price agreement amount.

Availability of Drilling Equipment and Access

Oil and natural gas exploration and development activities are dependent on the availability of drilling and related equipment in the particular areas where such activities will be conducted. Demand for such limited equipment or access restrictions may affect the availability of such equipment to Sahara and may delay exploration and development activities. To the extent Sahara is not the operator of its oil and gas properties, Sahara will be dependent on such operators for the timing of activities related to such properties and will be largely unable to direct or control the activities of the operators.

Title to Assets

It is the practice of Sahara in acquiring significant oil and gas leases or interest in oil and gas leases to fully examine the title to the interest under the lease. In the case of minor acquisitions, Sahara may rely upon the judgment of oil and gas lease brokers or landmen who perform the field work in examining records in the appropriate governmental office before attempting to place under lease a specific interest. Sahara believes that this practice is widely followed in the oil and gas industry. Nevertheless, there may be title defects which affect lands comprising a portion of Sahara's properties which may adversely affect Sahara.

Reserve Estimates

There are numerous uncertainties inherent in estimating quantities of oil, natural gas and NGL reserves and the future cash flows attributed to such reserves. The reserve and associated cash flow information set forth in Sahara's Reserve Report are estimates only. In general, estimates of economically recoverable oil and natural gas reserves and the future net cash flows therefrom are based upon a number of variable factors and assumptions, such as historical production from the properties, production rates, ultimate reserve recovery, timing and amount of capital expenditures, marketability of oil and gas, royalty rates, the assumed effects of regulation by governmental agencies and future operating costs, all of which may vary materially from actual results. All such estimates are to some degree speculative, and classifications of reserves are only attempts to define the degree of speculation involved. For those reasons, estimates of the economically recoverable oil and natural gas reserves attributable to any particular group of properties, classification of such reserves based on risk of recovery and estimates of future net revenues associated with reserves prepared by different engineers, or by the same engineers at different times, may vary. Sahara's actual production, revenues, taxes and development and operating expenditures with respect to its reserves will vary from estimates thereof and such variations could be material.

Estimates of proved reserves that may be developed and produced in the future are often based upon volumetric calculations and upon analogy to similar types of reserves rather than actual production history. Recovery factors and drainage areas were estimated by experience and analogy to similar producing pools. Estimates based on these methods are generally less reliable than those based on actual production history. Subsequent evaluation of the same reserves based upon production history and production practices will result in variations in the estimated reserves and such variations could be material.

In accordance with applicable securities laws, DeGolyer has used both constant and forecast prices and costs in estimating the reserves and future net cash flows contained in Sahara's Reserve Report. Actual future net cash flows will be affected by other factors, such as actual production levels, supply and demand for oil and natural gas, curtailments or increases in consumption by oil and natural gas purchasers, changes in governmental regulation or taxation and the impact of inflation on costs.

Actual production and cash flows derived from Sahara's oil and gas reserves will vary from the estimates contained in Sahara's Reserve Report and such variations could be material. Sahara's Reserve Report is based in part on the assumed success of activities Sahara intends to undertake in future years. The reserves and estimated cash flows set out in Sahara's Reserve Report will be reduced to the extent that such activities do not achieve the level of success assumed in Sahara's Reserve Report.

Insurance

Sahara's involvement in the exploration for and development of oil and natural gas properties may result in Sahara becoming subject to liability for pollution, blow outs, property damage, personal injury or other hazards. Although prior to drilling Sahara will obtain insurance in accordance with industry standards to address certain of these risks, such insurance has limitations on liability that may not be sufficient to cover the full extent of such liabilities. In addition, such risks may not in all circumstances be insurable or, in certain circumstances, Sahara may elect not to obtain insurance to deal with specific risks due to the high premiums associated with such insurance or other reasons. The payment of such uninsured liabilities would reduce the funds available to Sahara. The occurrence of a significant event that Sahara is not fully insured against, or the insolvency of the insurer of such event, could have a material adverse effect on Sahara's financial position, results of operations or prospects.

Geo-Political Risks

The marketability and price of oil and natural gas that may be acquired or discovered by Sahara is and will continue to be affected by political events throughout the world that cause disruptions in the supply of oil. Conflicts, or conversely peaceful developments, arising in the Middle East, and other areas of the world, have a significant impact on the price of oil and natural gas. Any particular event could result in a material decline in prices and therefore result in a reduction of Sahara's net production revenue.

In addition, Sahara's expected oil and natural gas properties, wells and facilities could be subject to a terrorist attack. As the oil and gas industry in Canada is a key supplier of energy to the United States, certain terrorist groups may target Canadian oil and gas properties, wells and facilities in an effort to choke the United States economy. If any of Sahara's properties, wells or facilities are the subject of terrorist attack it could have a material adverse effect on Sahara. Sahara will not have insurance to protect against the risk from terrorism.

Management of Growth

Sahara may be subject to growth related risks including capacity constraints and pressure on its internal systems and controls. The ability of Sahara to manage growth effectively will require it to continue to implement and improve its operational and financial systems and to expend, train and manage its employee base. The inability of Sahara to deal with this growth could have a material adverse impact on its business, operations and prospects.

Expiration of Licences and Leases

Sahara's properties will be held in the form of licences and leases and working interests in licences and leases. If Sahara or the holder of the licence or lease fails to meet the specific requirement of a licence or lease, the licence or lease may terminate or expire. There can be no assurance that any of the obligations required to maintain each licence or lease will be met. The termination or expiration of Sahara's licences or leases or the working interests relating to a licence or lease may have a material adverse effect on Sahara's results of operations and business.

Reliance on Key Personnel

Sahara's success will depend in large measure on certain key personnel. The loss of the services of such key personnel could have a material adverse affect on Sahara. Sahara does not have key person insurance in effect for management. The contributions of these individuals to the immediate operations of Sahara are likely to be of central importance. In addition, the competition for qualified personnel in the oil and natural gas industry is intense and there can be no assurance that Sahara will be able to continue to attract and retain all personnel necessary for the development and operation of its business. Investors must rely upon the ability, expertise, judgment, discretion, integrity and good faith of the management of Sahara.

CONFLICTS OF INTEREST

Certain of Sahara's directors are associated with other companies or entities (including Mirage), which may give rise to conflicts of interest. In accordance with the ABCA, directors who have a material interest in any company or entity that is a party to a material contract or proposed material contract with us are required, subject to certain exceptions, to disclose that interest and abstain from voting on any resolution to approve that contract. In addition, the directors are required to act honestly and in good faith with a view to Sahara's best interests.

In addition, certain of the directors of Sahara are also directors or officers of Mirage. As such, the directors of Sahara who are also directors or officers of Mirage have abstained from voting on any resolution to approve the Arrangement.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

There were no material interest, direct or indirect, of any directors or executive officers of Sahara, any shareholders who beneficially own more than 10% of the outstanding Sahara Shares, or any known associate or affiliate of such persons, in any transaction within the three (3) years prior to the date hereof, or any proposed transaction, which has materially affected or will materially affect Sahara except as disclosed herein.

MATERIAL CONTRACTS

Except for contracts entered into in the ordinary course of business, there are no material contracts entered into by Sahara in the two years immediately prior to the date of this Information Circular which can reasonably be regarded as presently material except for the Arrangement Agreement.

Copies of all material contracts are available for inspection by contacting Sahara at 800, 510 - 5th Street SW, Calgary, Alberta T2P 3P4 or by phone at (403) 232-1359, fax at (403) 232-1307.

LEGAL PROCEEDINGS

To the knowledge of Sahara's management, Sahara is not a party to, nor are any of Sahara's properties subject to, any material or significant legal proceedings nor are any such proceedings known to Sahara to be contemplated.

AUDITORS, REGISTRAR AND TRANSFER AGENT

The auditors of Sahara are Mackay LLP, Chartered Accountants, Calgary, Alberta.

Olympia Trust Company at its office located at 2300, 125 – 9th Avenue S.E., Calgary, Alberta is the transfer agent and registrar for the Sahara Shares.

APPENDIX "G"
PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS OF SAHARA

**To the Board of Directors of
Sahara Energy Ltd.**

We have read the accompanying unaudited pro forma consolidated balance sheet of Sahara Energy Ltd. (the "Company") as at September 30, 2007 and the unaudited pro forma consolidated statement of loss and deficit for the nine month period ended September 30, 2007 and the period ended December 31, 2006 and have performed the following procedures:

1. With respect to the unaudited pro forma consolidated balance sheet of the Company as at September 30, 2007, we have performed the following procedures:
 - (a) Compared the figures in the column captioned "Sahara Energy Ltd." to the unaudited balance sheet of the Company as at September 30, 2007 and found them to be in agreement.
 - (b) Compared the figures in the column captioned "Mirage Energy Ltd." to the unaudited balance sheet of Mirage as at September 30, 2007 and found them to be in agreement.
 - (c) Recalculated the application of the pro forma adjustments to the aggregate of the amounts in the columns captioned "Sahara Energy Ltd." and "Mirage Energy Ltd." and found the amounts in the column captioned "Pro Forma Consolidated" to be arithmetically correct.
2. With respect to the unaudited pro forma consolidated statement of loss and deficit of the company for the nine months ended September 30, 2007 and the period ended December 31, 2006, we have performed the following procedures:
 - (a) Compared the figures in the column captioned "Sahara Energy Ltd." to the unaudited statement of loss and deficit for the nine months ended September 30, 2007 and the audited statement of loss and deficit of the Company for the year ended December 31, 2006 and found them to be in agreement.
 - (b) Compared the figures in the column captioned "Mirage Energy Ltd." to the unaudited statement of loss and deficit for the nine months ended September 30, 2007 and the audited statement of loss and deficit of Mirage for the period from March 17, 2006 to December 31, 2006 and found them to be in agreement.
 - (c) Recalculated the application of the pro forma adjustments to the aggregate of the amounts in the columns captioned "Sahara Energy Ltd." and "Mirage Energy Ltd." and found the amounts in the column captioned "Pro Forma Consolidated" to be arithmetically correct.
3. Made enquiries of certain officials of the Company who have responsibility for financial and accounting matters about:
 - (a) The basis for determination of the pro forma adjustments; and

- (b) Whether the unaudited pro forma consolidated financial statements comply as to form in all material respects with the requirements of the various Securities Commissions and similar regulatory authorities in Canada.

The officials of the Company:

- (a) Described to us the basis for determination of the pro forma adjustments; and
 - (b) Stated that the unaudited pro forma consolidated financial statements comply as to form in all material respects with the requirements of the various Securities Commissions and similar regulatory authorities in Canada.
4. Read the notes to the unaudited pro forma consolidated financial statements, and found them to be consistent with the basis described to us for determination of the pro forma adjustments.

A pro forma financial statement is based on management assumptions and adjustments which are inherently subjective. The foregoing procedures are substantially less than either an audit or a review, the objective of which is the expression of assurance with respect to management's assumptions, the pro forma adjustments, and the application of the adjustments to the historical financial information. Accordingly, we express no such assurance. The foregoing procedures would not necessarily reveal matters of significance to the unaudited pro forma financial statements, and we therefore make no representation about the sufficiency of the procedures for the purposes of a reader of such statements.

**Calgary, Canada
February 28, 2008**

**(signed) "Mackay LLP"
Chartered Accountants**

Sahara Energy Ltd.

**Pro Forma Consolidated Financial Statements
February 28, 2008**

Sahara Energy Ltd.
Unaudited Pro Forma Consolidated Balance Sheet

As at September 30, 2007	Sahara Energy Ltd.	Mirage Energy Ltd.	Pro Forma Adjustments	Notes	Pro Forma Consolidated
ASSETS					
Current					
Accounts receivable	\$ 1,425,531	\$ 1,010,494	\$ (1,085,000)	2(f)	\$ 1,351,025
Prepaid expenses	360,441	35,134			395,575
	1,785,972	1,045,628	(1,085,000)		1,746,600
Property, plant and equipment	15,327,071	8,696,039	(2,493,060)	2(b), 2(d)	21,530,050
	\$ 17,113,043	\$ 9,741,667	\$ (3,578,060)		\$ 23,276,650
LIABILITIES					
Current					
Bank indebtedness	\$ 1,711,089	\$ 6,153	\$ (1,072,340)	2(b), 2(c), 2(d)	\$ 644,902
Operating loan	-	925,000	(925,000)	2(b), 2(c), 2(d)	-
Accounts payable and accrued liabilities	3,170,852	1,118,340	(1,537,242)	2 (e), 2(f), 2(g)	2,751,950
Current portion of convertible debentures	520,000	-	-		520,000
Current portion of note payable	-	-	236,690	2(g)	236,690
	5,401,941	2,049,493	(3,297,892)		4,153,542
Note payable	-	-	295,552	2 (g)	295,552
Convertible debentures	780,000	567,020	-		1,347,020
Asset retirement obligation	496,017	217,889	-		713,906
Future tax liability	3,888,235	2,310,214	-		6,198,449
	10,566,193	5,144,616	(3,002,340)		12,708,469
SHAREHOLDER'S EQUITY					
Share capital	9,271,098	5,953,125	(1,851,794)	2(b), 2(c)	13,372,429
Warrants	24,512	-	-		24,512
Contributed surplus	1,153,913	740,557	(740,557)	2(b)	1,153,913
Deficit	(3,902,673)	(2,096,631)	2,016,631	2(b), 2(e)	(3,982,673)
	6,546,850	4,597,051	(575,720)		10,568,181
	\$ 17,113,043	\$ 9,741,667	\$ (3,578,060)		\$ 23,276,650

See notes to the unaudited pro forma consolidated financial statements

Sahara Energy Ltd.
Unaudited Pro Forma Consolidated Statement of Loss and Deficit

For the nine month period ended September 30, 2007	Sahara Energy Ltd.	Mirage Energy Ltd.	Pro Forma Adjustments	Notes	Pro Forma Consolidated
REVENUE					
Petroleum and natural gas sales	\$ 1,776,554	\$ 930,927			\$ 2,707,481
Interest income and other revenue	4,396	2,012			6,408
Royalties	(330,603)	(224,102)			(554,705)
	<u>1,450,347</u>	<u>708,837</u>			<u>2,159,184</u>
EXPENSES					
Operating	1,264,226	470,885			1,735,111
Stock-based compensation	275,347	300,796			576,143
General and administration	727,611	387,528			1,115,139
Other interest	59,844	17,151			76,995
Interest on convertible debentures	77,841	37,853			115,694
Depletion, depreciation and accretion	985,208	808,606			1,793,814
	<u>3,390,077</u>	<u>2,022,819</u>			<u>5,412,896</u>
Net loss for the period	(1,939,730)	(1,313,982)			(3,253,712)
Deficit, beginning of the period	<u>(1,962,943)</u>	<u>(782,649)</u>			<u>(2,745,592)</u>
Deficit, end of the period	<u>\$ (3,902,673)</u>	<u>\$ (2,096,631)</u>			<u>\$ (5,999,304)</u>
Basic and diluted loss per share	<u>\$ (0.10)</u>	<u>\$ (0.06)</u>			<u>\$ (0.10)</u>

See notes to the unaudited pro forma consolidated financial statements

Sahara Energy Ltd.
Unaudited Pro Forma Consolidated Statement of Loss and Deficit

	Year ended December 31, 2006	Period from Incorporation on March 17, 2006 to December 31, 2006	Sahara Energy Ltd.	Mirage Energy Ltd.	Pro Forma Adjustments	Notes	Pro Forma Consolidated
REVENUE							
Petroleum and natural gas sales	\$ 818,571	\$ 197,306					\$ 1,015,877
Interest income and other revenue	113,692	45,000					158,692
Royalties	(125,825)	(28,641)					(154,466)
	<u>806,438</u>	<u>213,665</u>					<u>1,020,103</u>
EXPENSES							
Operating	420,276	108,154					528,430
Stock-based compensation	748,406	420,037					1,168,443
General and administration	568,339	331,397					899,736
Interest on convertible debentures	89,064	-					89,064
Depletion, depreciation and accretion	584,988	136,726					721,714
	<u>2,411,073</u>	<u>996,314</u>					<u>3,407,387</u>
Net loss for the period	(1,604,635)	(782,649)					(2,387,284)
Deficit, beginning of the period	<u>(358,308)</u>	<u>-</u>					<u>(358,308)</u>
Deficit, end of the period	<u>\$ (1,962,943)</u>	<u>\$ (782,649)</u>					<u>\$ (2,745,592)</u>
Basic and diluted loss per share	<u>\$(0.11)</u>	<u>\$(0.09)</u>					<u>\$ (0.07)</u>

See notes to the unaudited pro forma consolidated financial statements

Sahara Energy Ltd.

Notes to the Unaudited Pro Forma Consolidated Financial Statements

As at and for the nine month period ended September 30, 2007 and the periods ended December 31, 2006

1. Basis of Presentation

On February 28, 2008 Sahara Energy Ltd. (the "Company") agreed to acquire all of the issued and outstanding shares of Mirage Energy Ltd. for 13,403,896 common shares of the Company. Mirage Energy Ltd. ("Mirage") is a publicly traded corporation listed on the TSX Venture exchange.

The accompanying unaudited pro forma consolidated financial statement of Sahara Energy Ltd. ("Sahara") have been prepared by the management of Sahara to give the effect of the Mirage acquisition described above in accordance with Canadian generally accepted accounting principles.

The unaudited pro forma consolidated balance sheet of Sahara as at September 30, 2007 and the unaudited pro forma consolidated statement of loss and deficit for the nine months ended September 30, 2007 and the periods ended December 31, 2006 ("the Pro Forma Consolidated Financial Statements") have been prepared from information derived from the following:

- The unaudited interim financial statements of Sahara and Mirage as at and for the nine month period ended September 30, 2007.
- The audited financial statements of Sahara for the year ended December 31, 2006 and the audited financial statements of Mirage for the period from incorporation on March 17, 2006 to December 31, 2006.
- The additional information set out in Note 2.

The unaudited pro forma consolidated financial statements should be read in conjunction with the historical financial statements.

In the opinion of the management of Sahara, these unaudited pro forma consolidated financial statements include all adjustments necessary for fair presentation in accordance with Canadian generally accepted accounting principles. The unaudited pro forma consolidated balance sheet gives effect to proposed transactions as if they had occurred on September 30, 2007 but does not give effect to changes in the future tax liability as a result of the fair value reduction in property, plant and equipment values. The unaudited pro forma consolidated statements of loss and deficit for the nine month period ended September 30, 2007 and the periods ended December 31, 2006 have not been adjusted for any changes in depletion and future income taxes as a result of the fair value reduction in property, plant and equipment values.

The unaudited pro forma consolidated financial statements may not be indicative of the financial position or results of operations that would have occurred if the events reflected herein had been in effect on the dates indicated or the results that may be obtained in the future. The unaudited pro forma consolidated financial statements have been prepared using accounting policies consistent with those used in the audited financial statements of Mirage and Sahara for the periods ended December 31, 2006. In preparing the unaudited pro forma consolidated financial statements, no adjustments have been made to reflect any operating or administrative synergies. The purchase price allocation for the acquisition of Mirage is based on preliminary estimates and the actual allocation could vary from these estimates.

Sahara Energy Ltd.

Notes to the Unaudited Pro Forma Consolidated Financial Statements

As at and for the nine month period ended September 30, 2007 and the periods ended December 31, 2006

2. Pro Forma Adjustments

- a) No options of Mirage were in the money as of the transaction date and such, were all cancelled as part of the transaction.
- b) The acquisition of Mirage by Sahara through the issuance of 13,403,896 common shares on the basis of one-half Sahara share for each Mirage share.

Allocation of Purchase Price Based on Fair Values

Assets Acquired:

Accounts Receivable	\$ 1,010,494
Prepaid Expenses	35,134
Property, Plant and Equipment	7,972,889
	<u>9,018,517</u>

Liabilities Assumed:

Bank Indebtedness	6,153
Operating Loan	697,570
Accounts Payable and Accrued Liabilities	1,118,340
Convertible Debentures	567,020
Future Tax Liability	2,310,214
Asset Retirement Obligation	217,889
	<u>4,917,186</u>

Net Assets Acquired \$ 4,101,331

Consideration given:

13,403,896 common shares of Sahara Energy Ltd. \$ 4,101,331

Estimated costs to complete the transaction \$ 80,000

The operating loan balance has been reduced by \$227,430 to reflect the net proceeds received upon the issuance of 2,905,375 flow-through common shares by Mirage during December 2007, as explained in Note 2(c).

- c) Issue of 2,905,375 flow-through common shares by Mirage in December 2007 for net proceeds of \$227,430 which is reflected as a reduction of the operating loan.
- d) The sales of certain properties jointly owned by Sahara and Mirage for net proceeds of \$1,769,910 which were used to reduce bank debt.
- e) To reflect \$80,000 in estimated transaction completion costs.
- f) The elimination of inter-company balances.
- g) The issuance by Sahara of a promissory note that bears interest at 10% per annum for outstanding payables in the amount of \$532,242. The note is repayable in monthly blended payments of \$25,000.

Sahara Energy Ltd.

Notes to the Unaudited Pro Forma Consolidated Financial Statements

As at and for the nine month period ended September 30, 2007 and the periods ended December 31, 2006

3. Pro Forma Share Capital

Common shares outstanding:

	Number of shares	Amount
Balance, September 30, 2007	20,106,626	\$ 9,271,098
Shares Issued to Mirage Shareholders	13,403,896	4,101,331
Pro Forma Balance, September 30, 2007	<u>33,510,522</u>	<u>\$ 13,372,429</u>