

SAHARA ENERGY LTD.

Information Circular for the Annual and Special Meeting of Shareholders to be held on July 8, 2008

SOLICITATION OF PROXIES

This information circular ("**Information Circular**") is furnished in connection with the solicitation of proxies by the management of Sahara Energy Ltd. ("**Sahara**" or the "**Corporation**") for use at the annual and special meeting (the "**Meeting**") of common shareholders of the Corporation to be held on Monday, July 8, 2008, at the offices of Burnet Duckworth & Palmer LLP located at First Canadian Place, Suite 1400, 350 – 7th Avenue S.W., Calgary, Alberta at 11:00 a.m. (Calgary time), or at any adjournment thereof for the purposes set out in the accompanying Notice of Meeting.

Instruments of Proxy must be received by the Corporation c/o Olympia Trust Company at 2300, 125 – 9th Avenue S.E., Calgary, Alberta T2G 0P6 not less than forty-eight (48) hours before the time of the Meeting or any adjournment thereof. The Board of Directors of the Corporation has fixed the record date for the Meeting at the close of business on Tuesday, June 9, 2008 (the "**Record Date**"). Only holders of common shares (the "**Common Shares**") of the Corporation of record as at that date are entitled to receive notice of the Meeting. Shareholders of record will be entitled to vote at the Meeting prepared as at the Record Date, unless any such shareholder transfers Common Shares after the Record Date and the transferee establishes ownership of such Common Shares and demands, not later than the close of business 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 Common Shares at the Meeting.

The instrument appointing a proxy shall be in writing and shall be executed by the shareholder or his attorney authorized in writing or, if the shareholder is a corporation, under its corporate seal or by an officer or attorney thereof duly authorized.

The persons named in the enclosed form of proxy are directors and/or officers of the Corporation. Each shareholder has the right to appoint a proxyholder other than the persons designated above, who need not be a shareholder, to attend and to act for the shareholder at the Meeting. To exercise such right, the names of the nominees of management should be crossed out and the name of the shareholder's appointee should be legibly printed in the blank space provided.

REVOCATION OF PROXIES

A shareholder who has given a proxy may revoke it as to any matter upon which a vote has not already been cast pursuant to the authority conferred by the proxy. A proxy may be revoked by either executing a proxy bearing a later date or by executing a valid notice of revocation, either of the foregoing to be executed by the shareholder or by his authorized attorney in writing, or, if the shareholder is a corporation, under its Corporate seal by an officer or attorney thereof duly authorized, and by depositing the proxy bearing a later date with the Registrar and Transfer Agent of the Corporation, Olympia Trust Company, at any time up to and including the last business day preceding the date of the meeting or any adjournment thereof at which the proxy is to be used or by depositing the revocation of proxy with the Chairman of such Meeting on the day of the Meeting, or any adjournment thereof, or in any other matter permitted by law. In addition, a proxy may be revoked by the shareholder personally attending at the Meeting and voting his shares.

PERSONS MAKING THE SOLICITATION

The solicitation of proxies is made on behalf of management of the Corporation. Although it is expected that the solicitation of proxies will be primarily by mail, proxies may also be solicited personally, by telephone, or other

electronic form of communication or personal interview by regular employees of the Corporation. In accordance with National Instrument 54-101, arrangements have been made with brokerage houses and other intermediaries, clearing agencies, custodians, nominees and fiduciaries to forward solicitation materials to the beneficial owners of the common shares held of record by such persons and the Corporation may reimburse such persons for reasonable fees and disbursements incurred by them in so doing. The cost of any such solicitation will be borne by the Corporation.

No person is authorized to give any information or make any representations other than those contained in this Information Circular, and if given or made, such information or representations must not be relied upon as having been authorized to be given or made.

EXERCISE OF DISCRETION BY PROXY

Common Shares represented by proxy in favour of management nominees shall be voted on any ballot at the Meeting and, where the shareholder specifies a choice with respect to any matter to be acted upon, the Common Shares shall be voted on any ballot in accordance with the specifications so made.

In the absence of such specification, the Common Shares will be voted in favour of the matters to be acted upon. The persons appointed under the Instrument of Proxy furnished by the Corporation are conferred with discretionary authority with respect to amendments or variations of those matters specified in the Proxy and Notice of Meeting. At the time of printing this Information Circular, management of the Corporation knows of no such amendment, variation or other matter.

ADVICE TO BENEFICIAL HOLDERS OF SECURITIES

The information set forth in this section is of significant importance to many public shareholders of the Corporation, as a substantial number of the public shareholders of the Corporation do not hold Common Shares in their own name. Shareholders who do not hold their Common Shares in their own name (referred to in this Information Circular as "**Beneficial Shareholders**") should note that only proxies deposited by shareholders whose names appear on the records of the Corporation as the registered holders of Common Shares can be recognized and acted upon at the Meeting. If Common Shares are listed in an account statement provided to a shareholder by a broker, then in almost all cases, those Common Shares will not be registered in the shareholder's name on the records of the Corporation. Such Common Shares will more likely be registered under the name of the shareholder's broker or an agent of that broker. In Canada, the vast majority of such Common Shares are registered under the name of CDS & Co. (the registration name for The Canadian Depository for Securities Limited, which acts as nominee for many Canadian brokerage firms). Common Shares held by brokers or their nominees can only be voted (for or against resolutions) upon the instructions of the Beneficial Shareholder. Without specific instructions, the broker/nominees are prohibited from voting Common Shares for their clients. The directors and officers of the Corporation do not know for whose benefit the Common Shares registered in the name of CDS & Co. are held.

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, which should be carefully followed by Beneficial Shareholders in order to ensure that their shares are voted at the Meeting. Often, the form of proxy supplied to a Beneficial Shareholder by its broker is identical to the form of proxy provided to registered Shareholders. However, its purpose is limited to instructing the registered Shareholders how to vote on behalf of the Beneficial Shareholder. The majority of brokers now delegate responsibility for obtaining instructions from clients to Broadridge Financial Solutions, Inc. ("**Broadridge**"). Broadridge typically applies a special sticker to the proxy forms, mails those forms to the Beneficial Shareholders and asks Beneficial Shareholders to return the proxy forms to Broadridge. Broadridge then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of shares to be represented at the Meeting. **A Beneficial Shareholder receiving a proxy with an Broadridge sticker on it cannot use that proxy to vote shares directly at the Meeting. The proxy must be returned to Broadridge well in advance of the Meeting in order to have the shares voted.**

INTEREST OF CERTAIN PERSONS IN MATTERS TO BE ACTED UPON

Except as otherwise set out herein, no director or senior officer of the Corporation or any proposed nominee of management of the Corporation for election as a director of the Corporation, nor any associate or affiliate of the foregoing persons has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise in matters to be acted upon at the Meeting.

VOTING SHARES AND PRINCIPAL HOLDERS THEREOF

The Corporation is authorized to issue an unlimited number of common shares of which, as of June 9, 2008, 38,780,163 of such Common Shares are issued and outstanding and entitled to vote at the Meeting on the basis of one (1) vote for each Common Share held.

Only holders of Common Shares of record at the close of business on the Record Date are entitled to vote such Common Shares at the Meeting on the basis of one (1) vote for each Common Share held except to the extent that, (i) such person transfers his or her shares after the close of business on the Record Date, and (ii) such transferee, at least ten (10) days prior to the Meeting, produces properly endorsed share certificates to the Secretary or Transfer Agent of the Corporation or otherwise establishes his or her ownership of the shares, in which case the transferee may vote those shares.

By-law No. 1 of the Corporation provides that two (2) or more persons present in person being a shareholder entitled to vote at the Meeting or a duly appointed proxyholder or representative for a shareholder so entitled and together holding or represented by proxy not less than ten (10%) percent of the outstanding common shares of the Corporation entitled to vote at the Meeting, constitutes a quorum for the Meeting in respect of the holders of Common Shares.

To the knowledge of the directors and the executive officers of the Corporation, as at June 9, 2008, no persons beneficially owned, directly or indirectly, or exercised control or direction, over more than 10% of the Common Shares of the Corporation.

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 (\$)	Awards		Payouts	
					Securities Under Options / SARs Granted	Restricted Shares or Restricted Share Units	LTIP Payouts (\$)	
Peter Boswell	Dec. 31, 2007	\$126,000	Nil	Nil	Nil	Nil	Nil	Nil
President and Chief Executive Officer	Dec. 31, 2006	\$120,000	\$12,000	Nil	Nil	Nil	Nil	Nil
	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, Finance and Chief Financial Officer	Dec. 31, 2006	\$72,750	\$12,000	Nil	Nil	Nil	Nil	Nil
	Dec. 31, 2005	\$5,000	Nil	Nil	100,000	Nil	Nil	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.

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

Note:

- (1) All 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 options to acquire Common Shares. The closing price for the Common Shares on the TSXV on December 31, 2007 was \$0.12 per share.

Named Executive Officer	Common Shares Acquired on Exercise (#)	Aggregate Value Realized (Cdn\$)	Unexercised Options at December 31, 2007 (#)		Value of Unexercised In-the-Money Options at December 31, 2007 ⁽¹⁾	
			Exercisable	Unexercisable	Exercisable	Unexercisable
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 options ("Exercisable") or unvested options ("Unexercisable"), as applicable, by the difference between the last closing trading price of the Common Shares on the TSXV on or prior to December 31, 2007 (\$0.12 per share) and the exercise price of the relevant options.
- (2) Mr. MacLean's 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 options to purchase up to 2,423,200 Common Shares. The criteria used to determine eligibility for granting of options, the number of Common 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 Common 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 options are non-transferable. Vesting provisions are determined by the Board of Directors at the time of grant; however, generally options granted vest as to one-third immediately, and one-third on each of the first and second. The maximum number of Common Shares reserved for issuance to any one individual is not to exceed (five) per cent (5%) of the issued and outstanding Common 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.

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted average exercise price of outstanding options, warrants and rights (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)
Equity compensation plans approved by securityholders	2,423,200 Sahara Shares	\$0.64 per share	Nil
Equity compensation plans not approved by securityholders	N/A	N/A	N/A
Total	2,423,200 Sahara Shares	\$0.64 per share	Nil

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 options to purchase Common 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.

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

There were no material interests, direct or indirect, of directors or executive officers of the Corporation, any shareholder who beneficially owns, directly or indirectly, or exercise control or direction over more than 10% of the outstanding Common Shares, or any other Informed Person (as defined in National Instrument 51-102) or any known associate or affiliate of such persons, in any transaction since the commencement of the last completed financial year of the Corporation or in any proposed transaction which has materially affected or would materially affect the Corporation or any of its subsidiaries.

MATTERS TO BE ACTED UPON AT THE MEETING

Financial Statements

The audited financial statements of the Corporation for the year ended December 31, 2007, together with the auditor's report thereon (the "**Financial Statements**"), will be presented to shareholders at the Meeting. The Financial Statements are being mailed to shareholders of record with this Information Circular. Copies of the Financial Statements, Notice of Meeting, Information Circular and Instrument of Proxy will also be available from the Corporation's registrar and transfer agent, Olympia Trust Company, or the Corporation's office prior to the Meeting.

FIXING NUMBER OF DIRECTORS

At the Meeting it is proposed that the number of directors to be elected at the Meeting, to hold office until the next annual general meeting of the Corporation or until their successors are elected or appointed, subject to the articles of amalgamation (the "**Articles**") or by-laws of the Corporation, be set at three (3). There are presently three (3) directors of Sahara, each of whom will retire from office at the Meeting. Unless otherwise directed, it is the intention of management to vote proxies in the accompanying form in favour of setting the number of directors to be elected at the Meeting at three (3).

ELECTION OF DIRECTORS

At the Meeting, unless otherwise directed, it is the intention of management to vote proxies in the accompanying form in favour of the election as directors, of the following three (3) nominees, until the next annual election of directors or until their successors are duly elected or appointed:

Peter Boswell
 Quentin Enns
 Dufton ("Duffy") Lewis

The names and provinces and countries of residence of the persons either nominated for or presently holding office as directors, the number of Common Shares beneficially owned, directly or indirectly, or over which each exercises control or direction, the period served as a director and the principal occupation during the last five years of each are as follows:

<u>Name and Place of Residence</u>	<u>Number of Common Shares Beneficially Owned, Controlled or Directed</u>	<u>First Year Served as Director</u>	<u>Principal Occupation for the Past Five Years</u>
Peter Boswell ⁽¹⁾⁽²⁾⁽³⁾ Alberta, Canada	3,527,500	October, 2005	President and Chief Executive Officer of the Corporation since October 11, 2005; He is also President and sole shareholder of Brolandar Holdings Ltd., a private oil and gas company; Vice President and director of Wave Energy Ltd., a private oil and gas company from January 2004 until August 2005; Prior thereto President of Stateside Oil Corporation from 1991 to 1996.
Quentin Enns ⁽¹⁾⁽²⁾ Alberta, Canada	1,547,038	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.
Dufton Lewis ⁽¹⁾⁽²⁾ Alberta, Canada	0	May, 2008	Chief Financial Officer of Sahara Energy Ltd. Since July 2007. Prior thereto, Mr. Lewis was a Senior Manager with Deloitte & Touche LLP in their Calgary Office.

Notes:

- (1) Members of the Audit Committee.
- (2) Members of the Reserves Committee.
- (3) 2,434,000 of such shares are held by Brolandar Holdings Ltd., a corporation controlled by Mr. Boswell.

Cease Trade Orders, Bankruptcies and Sanctions

Except for as disclosed below, no director, officer, Insider or Promoter of the Corporation, or any shareholder holding sufficient securities of the Corporation to affect materially the control of the Corporation, has within the last 10 years, been a director, officer, Insider or Promoter of any reporting issuer that, while such person was acting in that capacity, was the subject of a cease trade or similar order or an order that denied the company access to any statutory exemption for a period of more than 30 consecutive days or was declared a bankrupt or made a voluntary assignment in bankruptcy, made a proposal under any legislation relating to bankruptcy or been subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver-manager or trustee appointed to hold the assets of that person.

Each of Mr. Boswell, Mr. Enns and Mr. Lewis have each been subject to a management cease trade order ("MCTO") issued by the Alberta Securities Commission for failure to file audited financial statements for the year ended December 31, 2007 for the Corporation, which MCTO was in effect for longer than 30 consecutive days. As at the date hereof, the MCTO remains in effect.

In addition, no proposed director has, within the 10 years before the date of this document, 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.

Furthermore, no proposed director has been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority nor has any proposed director ever been subject to any penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable securityholder in deciding whether to vote for a proposed director.

Approval of the Stock Option Plan

At the Meeting, shareholders will be asked to consider and, if thought appropriate, pass an ordinary resolution (the "**Plan Resolution**") approving the Corporation's Option Plan.

The total number of Common Shares that may be issued pursuant to the Option Plan shall not exceed 2,423,200 Shares. The maximum number of Common Shares that may be reserved for issuance to any one person under the Option Plan is 5% of the Common Shares outstanding at the time of grant. Any options granted pursuant to the Option Plan will terminate upon the date which is 30 days from the termination of an optionee's employment or, from the date such optionee ceased to be a director or consultant of the Corporation, unless the Board of Directors of the Corporation otherwise determines, or provided the optionee has died and was an employee or director for at least one year following the grant of the Options, shall terminate six months following the death of the optionee.

At the Meeting, the Shareholders will be asked to consider and, if deemed advisable, approve the following resolutions to approve the Option Plan::

"BE IT RESOLVED as an ordinary resolution of the Shareholders of the Corporation that:

1. the Option Plan (the "**Option Plan**") of the Corporation, on the terms described in the accompanying management proxy circular of the Corporation be and the same is hereby ratified, confirmed and approved;
2. any one director or officer of the Corporation be and is hereby authorized and directed to do all things and to execute and deliver all documents and instruments as may be necessary or desirable to carry out the terms of this resolution; and
3. notwithstanding that this resolution has been passed by the shareholders of the Corporation, the adoption of the proposed share option plan of the Corporation is conditional upon receipt of final approval from the TSX Venture Exchange and the directors of the Corporation are hereby authorized and empowered to revoke this resolution, without any further approval of the shareholders of the Corporation, at any time if such revocation is considered necessary or desirable by the directors."

Unless otherwise directed, the persons named in the enclosed form of proxy, if named as proxy, intend to vote for the foregoing resolution.

Appointment of Auditors

Unless otherwise directed, it is management's intention to vote the proxies in favour of an ordinary resolution to appoint the firm of MacKay LLP, Chartered Accountants, Calgary, Alberta, to serve as auditors of the Corporation until the next annual meeting of shareholders and to authorize the directors to fix their remuneration as such. MacKay LLP have been the Corporation's auditors since March 15, 2006.

CORPORATE GOVERNANCE DISCLOSURE

Set forth below is a description of the Corporation's current corporate governance practices, as prescribed by Form 58-101F2, which is attached to National Instrument 58-101 entitled "Disclosure of Corporate Governance Practices". The requirements of Form 58-101F2 are set out below in italics:

Board of Directors

Disclose the identity of directors who are independent

The Corporation currently does not have any independent directors.

Disclose the identity of directors who are not independent, and describe the basis for that determination.

Peter Boswell is not independent as he is the President and Chief Executive Officer of the Corporation.

Quentin Enns is not independent as is the former Vice-President, Exploration of the Corporation.

Duften Lewis is not independent as he is Vice-President, Finance and Chief Financial Officer of the Corporation.

Directorships

If a director is presently a director of any other issuer that is a reporting issuer (or the equivalent) in a jurisdiction or a foreign jurisdiction, identify both the director and the other issuer.

N/A

Orientation and Continuing Education

Describe what steps the board takes to orient new board members, and describe any measures the board takes to provide continuing education for directors.

While the Corporation does not currently have a formal orientation and education program for new recruits to the Board, the Corporation has historically provided such orientation and education on an informal basis. As new directors join the Board, management will provide these individuals with corporate policies, historical information about the Corporation, as well as information on the Corporation's performance and its strategic plan with an outline of the general duties and responsibilities entailed in carrying out their duties. The Board believes that these procedures will prove to be a practical and effective approach in light of the Corporation's particular circumstances, including the size of the Corporation, limited changes to members of the Board and the experience and expertise of the members of the Board.

Ethical Business Conduct

Describe what steps the Board of Directors takes to encourage and promote a culture of ethical business conduct.

The Board has adopted a Code of Business Conduct for directors and officers of the Corporation. Directors and Officers are required to sign acknowledgements that they have read and understand the Code. A copy of the Code of Business Conduct can be found on SEDAR at www.SEDAR.com.

Nomination of Directors

Describe what steps, if any, are taken to identify new candidates for board nomination, including (i) who identifies new candidates and; (ii) the process of identifying new candidates.

Pursuant to their mandate of the Board of Directors has the responsibility of recruiting and recommending new members to the Board. At present, the Board has not identified the need to add any new directors. However it is expected that any new candidates will be identified having regard to: (i) the competence and skills that the Board considers to be necessary for the Board, as a whole, to possess; (ii) the competence and skills that the Board considers each existing director to possess; (iii) the competencies and skills that each new nominee will bring to the boardroom; and (iv) whether or not each new nominee can devote sufficient time and resources to his or her duties as a member of the Board. The Board of Directors reviews on a periodic basis the composition of the Board to ensure that an appropriate number of independent directors sit on the Board, and analyze the needs of the Board and recommend nominees who meet such needs.

Compensation

Disclose what steps, if any, are taken to determine compensation for the directors and CEO, including (i) who determines compensation; and (ii) the process of determining compensation.

The Board of Directors is responsible for (i) evaluating senior management; and (ii) developing appropriate compensation policies for the senior management and directors of the Corporation, including the Stock Option Plan. The initial grant of options is made at the time of recruitment and reviewed annually.

Other Board Committees

If the Board of Directors has standing committees other than the audit, compensation and nominating committees, identify the committees and describe their function.

Peter Boswell, Quentin Enns and Dufton Lewis are members of the Corporation's Reserve Committee. The Reserve Committee is responsible for (i) reviewing estimates of reserves prepared by management and evaluated by independent petroleum engineers; and (ii) assuring the independence of the independent petroleum engineers.

Assessments

Disclose what steps, if any, the Board of Directors takes to satisfy itself that the Board of Directors, its committees, and its individual directors are performing effectively.

The Board makes annual assessments regarding the effectiveness of the Board itself, committees and individual directors in fulfilling their responsibilities.

AUDIT DISCLOSURE

The Audit Committee of the Board of Directors of the Company is a committee of the Board of Directors established for the purpose of overseeing the accounting and financial reporting process of the company and annual external audits of the consolidated financial statements. The committee has set out its responsibilities and composition requirements in fulfilling its oversight in relation to the company's internal accounting standards and

practises, financial information, accounting systems and procedures, which procedures are set out below in the Company's audit committee mandate attached as Schedule A.

Audit Committee Members

Peter Boswell, Quentin Enns and Dufton Lewis are the members of Sahara's audit committee.

All members of the audit committee are financially literate.

External Auditor Fees

The Audit Committee shall review and pre-approve all non-audit services to be provided to Sahara by its external auditors.

Audit Service Fees

MacKay LLP has served as the Corporation's auditors since March 15, 2006. The following table discloses fees billed to the Corporation for the last two fiscal years.

Type of Service Provided	2007	2006
Audit Fees:	\$63,000	\$48,768
Audit-Related Fees:	Nil	Nil
Tax Fees:	Nil	Nil
All Other Fees:	Nil	\$9,215
Total	\$63,000	\$57,983

Exemptions

Sahara relies on section 6.1 of Multilateral Instrument 52-110 as Sahara is a Venture issuer pursuant to Multilateral Instrument 51-110.

OTHER BUSINESS

Management is not aware of any other business to come before the Meeting other than as set forth in the Notice of Annual Meeting of Shareholders. If any other business properly comes before the Meeting, it is the intention of the persons named in the form of proxy to vote the common shares represented thereby in accordance with their best judgment on such matter.

ADDITIONAL INFORMATION

Additional information respecting the Corporation is available on SEDAR at www.sedar.com. Financial information respecting the Corporation is provided in the Corporation's comparative financial statements and management's discussion and analysis for its most recently completed financial year. Securityholders can access this information on SEDAR or by request to the Chief Executive Officer of the Corporation at the following address:

Sahara Energy Ltd.
800, 510 – 5th Avenue S.W.
Calgary, Alberta T2P 3S2

Phone: (403) 232-1359
Facsimile: (403) 232-1307

**SCHEDULE A
AUDIT COMMITTEE MANDATE**

I PURPOSE

The Audit Committee (the “Committee”) is appointed by the Board of Directors (the “Board”) to assist the Board in fulfilling its oversight responsibilities relating to financial accounting and reporting process and internal controls for Sahara Energy Ltd. (the “Company”). The Committee’s primary duties and responsibilities are to:

- (a) Conduct such reviews and discussions with management and the independent auditors relating to the audit and financial reporting as are deemed appropriate by the Committee;
- (b) Assess the integrity of internal controls and financial reporting procedures of the Company and review the internal control report prepared by management as and when required to be included with the annual report of the Company;
- (c) Ensure that there is an appropriate standard of corporate conduct including, if necessary, adopting a corporate code of ethics for senior financial personnel;
- (d) Review the quarterly and annual financial statements and management's discussion and analysis of the Company and report thereon to the Board for approval of same;
- (e) Select and monitor the independence and performance of the Company's outside auditors (the “Independent Auditors”), including private meetings with the Independent Auditors; and
- (f) Provide oversight to related party transactions entered into by the Company.

The Committee has the authority to conduct any investigation appropriate to its responsibilities, and it may request the Independent Auditors as well as any officer of the Company, or outside counsel for the Company, to attend a meeting of the Committee or to meet with any members of, or advisors to, the Committee. The Committee shall have unrestricted access to the books and records of the Company and has the authority to retain, at the expense of the Company, special legal, accounting, or other consultants or experts to assist in the performance of the Committee’s duties.

The Committee shall review and assess the adequacy of this Charter annually and submit any proposed revisions to the Board for approval.

II COMPOSITION AND MEETINGS

- (a) The Committee and its membership shall meet all applicable legal and listing requirements, including, without limitation, those of the TSX Venture Exchange (“TSX-V”), and the rules of the Alberta Securities Commission.
- (b) The Committee shall be composed of three or more directors designated by the Board from time to time.
- (c) A majority of the Committee shall be “independent” (as defined in Multilateral Instrument 52-110 from time to time), however the Corporation shall be entitled to rely on applicable securities laws exemptions relating to independence requirements of audit committee members.
- (d) The Committee shall meet at least quarterly, at the discretion of the Chair or a majority of its members, as circumstances dictate or as may be required by applicable legal or listing requirements, and a majority of the members of the Committee shall constitute a quorum.

- (e) If and whenever a vacancy shall exist, the remaining members of the Committee may exercise all of its powers and responsibilities so long as a quorum remains in office.
- (f) The time and place at which meetings of the Committee shall be held, and procedures at such meetings, shall be determined from time to time by, the Committee. A meeting of the Committee may be called by letter, telephone, facsimile, email or other communication equipment, by giving at least 48 hours notice, provided that no notice of a meeting shall be necessary if all of the members are present either in person or by means of conference telephone or if those absent have waived notice or otherwise signified their consent to the holding of such meeting.
- (g) Any member of the Committee may participate in the meeting of the Committee by means of conference telephone or other communication equipment, and the member participating in a meeting pursuant to this paragraph shall be deemed, for purposes hereof, to be present in person at the meeting.
- (h) The Committee shall keep minutes of its meetings which shall be submitted to the Board. The Committee may, from time to time, appoint any person who need not be a member, to act as a secretary at any meeting.
- (i) The Committee may invite such officers, directors and employees of the Corporation and its subsidiaries as it may see fit, from time to time, to attend at meetings of the Committee.
- (j) The Board may at any time amend or rescind any of the provisions hereof, or cancel them entirely, with or without substitution.
- (k) Any matters to be determined by the Committee shall be decided by a majority of votes cast at a meeting of the Committee called for such purpose; actions of the Committee may be taken by an instrument or instruments in writing signed by all of the members of the Committee, and such actions shall be effective as though they had been decided by a majority of votes cast at a meeting of the Committee called for such purpose.

III **RESPONSIBILITIES**

A **Financial Accounting and Reporting Process and Internal Controls**

- (a) The Committee shall review the annual audited financial statements and report thereon to the Board for approval of same prior to their being filed with the appropriate regulatory authorities. The Committee shall also review the interim financial statements. With respect to the annual audited financial statements, the Committee shall discuss significant issues regarding accounting principles, practices, and judgments of management with management and the Independent Auditors as and when the Committee deems it appropriate to do so.
- (b) The Committee shall review management's internal control report as and when required and the evaluation of such report by the Independent Auditors, together with management's response.
- (c) The Committee shall review management's discussion and analysis relating to annual and interim financial statements and any other public disclosure documents that are required to be reviewed by the Committee under any applicable laws prior to their being filed with the appropriate regulatory authorities.
- (d) The Committee shall meet no less frequently than annually with the Independent Auditors and the Chief Financial Officer to review accounting practices, internal controls and such other matters as the Committee or Chief Financial Officer deems appropriate.

- (e) The Committee shall review the post-audit or management letter containing the recommendations of the Independent Auditors and management's response and subsequent follow-up to any identified weaknesses.
- (f) The Committee shall ensure that there is an appropriate standard of corporate conduct including, if necessary, adopting a corporate code of ethics for senior financial personnel.
- (g) The Committee shall establish procedures to receive and respond to complaints with respect to accounting, internal accounting controls and auditing matters.
- (h) The Committee shall provide oversight to related party transactions entered into by the Company.

B Independent Auditors

The Committee shall be directly responsible for the selection, appointment, compensation and oversight of the Independent Auditors and the Independent Auditors shall report directly to the Committee.

- (a) The Committee shall pre-approve all audit and non-audit services not prohibited by law to be provided by the Independent Auditors.
- (b) The Committee shall review the Independent Auditor's audit plan, including scope, procedures and timing of the audit.
- (c) The Committee shall review the results of the annual audit with the Independent Auditors, including matters related to the conduct of the audit.
- (d) The Committee shall obtain timely reports from the Independent Auditors describing critical accounting policies and practices, alternative treatments of information within GAAP that were discussed with management, their ramifications, and the Independent Auditors' preferred treatment and material written communications between the Company and the Independent Auditors.

C Other Responsibilities

The Committee shall perform any other activities consistent with this Charter and governing law, as the Committee or the Board deems necessary or appropriate.