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The securities offered hereby have not been and will not be registered under the United States Securities Act of 1933, as amended (the "U.S. Securities Act"), or the securities laws of any state of the United States. Accordingly, these securities may not be offered or sold or delivered within the United States of America except in accordance with the Agency Agreement (as defined herein) and in transactions exempt from registration under the U.S. Securities Act and under the securities laws of any applicable state. This short form prospectus does not constitute an offer to sell or a solicitation of an offer to buy any of these securities within the United States of America. See "Plan of Distribution".

Information has been incorporated by reference in this short form prospectus 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 Chief Executive Officer of Saha Petroleum Ltd. by sending a written request to Suite 1000, 888 – 3<sup>rd</sup> Street S.W. Calgary, Alberta, T2P 5C5, by faxing such written request to 403-668-6001, by calling 403-444-5964 or by e-mailing wally.pollock@sahapetroleum.com, and are also available electronically at www.sedar.com.

## AMENDED AND RESTATED SHORT FORM PROSPECTUS

New Issue

June 9, 2008,  
as amended July 11, 2008

### SAHA PETROLEUM LTD.

**\$3,500,000 (Maximum)**

**\$500,000 (Minimum)**

#### A Combination of Units and Flow-Through Shares

**Price: \$0.20 per Unit**  
**\$0.25 per Flow-Through Share**

This short form prospectus qualifies the distribution (the "**Offering**") of (a) up to 12,000,000 units (the "**Units**") of Saha Petroleum Ltd. ("**Saha**" or the "**Corporation**") at a price of \$0.20 per Unit, each Unit consisting of one common share in the capital of Saha (a "**Common Share**") and one Common Share purchase warrant (a "**Warrant**"), each whole Warrant entitling the holder to purchase one Common Share at any time following the Closing Date (as defined herein) of the Offering at a price of \$0.25 per share until 4:30 p.m. (Calgary time) on the date that is 12 months after of the Closing Date, and thereafter at a price of \$0.30 per share until 4:30 p.m. (Calgary time) on the date that is 24 months after the Closing Date; and of (b) up to 4,400,000 Common Shares issued on a "flow-through" basis (the "**Flow-Through Shares**") under the *Income Tax Act* (Canada) ("**Tax Act**") at a price of \$0.25 per Flow-Through Share, for an aggregate minimum gross proceeds of \$500,000 (the "**Minimum Offering**") and an aggregate maximum gross proceeds of \$3,500,000 (the "**Maximum Offering**"). The Units and Flow-Through Shares (collectively, the "**Offered Securities**") are offered separately. The Units will not trade and will separate into Common Shares and Warrants immediately upon issue.

The outstanding Common Shares are listed and posted for trading on the TSX Venture Exchange (the "**TSXV**") under the trading symbol "SPZ". The closing price of the Common Shares on July 9, 2008 was \$0.145 per share, the last day on which the Common Shares traded prior to the date of this short form prospectus. The offering price of \$0.20 per Unit and \$0.25 per Flow-Through Share (collectively the "**Offering Price**") was determined by negotiation between the Corporation and the Agent. See "Plan of Distribution".

	<u>Offering Price</u>	<u>Agent's Commission<sup>(1)</sup></u>	<u>Net Proceeds to the Corporation<sup>(2)</sup></u>
Per Flow-Through Share	\$0.25	\$0.020	\$0.23
Per Unit	\$0.20	\$0.016	\$0.184
Total (Minimum Offering)	\$500,000	\$40,000	\$460,000
Total (Maximum Offering)	\$3,500,000	\$280,000	\$3,220,000

#### Notes:

- (1) The Agent will be paid an agency fee of \$25,000 (plus GST) (the "**Agency Fee**"), as well as a cash commission equal to 8% of the gross proceeds of the Offering (the "**Agent's Commission**"). In addition, the Agent will be issued an option (the "**Agent's Option**") to purchase, within 24 months of the Closing Date, that number of Common Shares of the Corporation at the price of \$0.20 per Common Share is equal to 10% of the total number of Offered Securities sold pursuant to this Offering. See "Plan of Distribution".
- (2) Before deducting the Agency Fee of \$25,000 and the expenses of the Offering estimated to be \$150,000, which will be paid by the Corporation out of the proceeds of the Offering after deducting the Agent's Commission.

The following table summarizes the terms of the Agent's Options:

Agent's Position	Maximum Number of Securities Held	Exercise Period	Exercise Price
Agent's Options	10% of the number of Offered Securities sold pursuant to the Offering	Exercisable until 24 months after the Closing Date	\$0.20
Total Issuable	See above	See above	See above

Subscriptions for the Offered Securities will be received subject to rejection and allotment in whole or in part and the right is reserved to close the subscription books at any time without notice. It is expected that the closing of the Offering (the "**Closing**") will take place on or about August 25, 2008 or such other date as the Corporation and the Agent may agree (the "**Closing Date**"). There will be no Closing unless a minimum aggregate of \$500,000 in gross proceeds are raised under the Minimum Offering.

If such gross proceeds under the Minimum Offering are not received within 90 days following the date of issuance of a final receipt for this short form prospectus, the Offering may not continue without the consent of applicable securities regulatory authorities and those who have subscribed for the Offered Securities on or before such date. Should a closing occur in respect of the Minimum Offering, one or more additional closings, if necessary, may occur until the earlier of the Maximum Offering being subscribed and the expiry of the 90 day period. It is expected that certificates representing the Common Shares (including the Flow-Through Shares) and Warrants will be available for delivery at Closing. See "Plan of Distribution".

Subject to applicable laws, the Agent may, in connection with the Offering, effect transactions which stabilize or maintain the market price of the Common Shares at levels other than those which otherwise might prevail in the open market. Such transactions, if commenced, may be discontinued at any time. See "Plan of Distribution".

The TSXV has conditionally approved the listing of the Flow-Through Shares and the Common Shares comprising part of the Units, the Common Shares issuable pursuant to the Warrants comprising part of the Units and the Common Shares issuable pursuant to the Agent's Option. The listing of such Common Shares will be subject to the Corporation fulfilling all of the requirements of the TSXV. The Warrants will not be listed or traded on any exchange. **There is no market through which the Warrants may be sold and purchasers may not be able to resell the Warrants comprising part of the Units that are purchased under this short form prospectus. This may affect the pricing of the Warrants in the secondary market, the transparency and availability of trading prices, the liquidity of the Warrants and the extent of issuer regulation. In addition, the risk factors identified under the heading "Risk Factors" in the AIF (as herein defined) should be carefully reviewed and evaluated by prospective subscribers before purchasing the securities being offered hereunder. See "Risk Factors".**

**This Offering is not underwritten or guaranteed by any person.** The Agent, as agent of the Corporation, conditionally offers the Offered Securities on a reasonable "best efforts" basis, subject to prior sale if, as and when issued by the Corporation and delivered and accepted by the Agent in accordance with the conditions contained in the Agency Agreement referred to under "Plan of Distribution" and subject to the approval of certain legal matters on behalf of the Corporation by Gowling Lafleur Henderson LLP and on behalf of the Agent by Macleod Dixon LLP.

The aggregate price per Flow-Through Share of \$0.25 will constitute the flow-through funds (the "**Flow-Through Funds**"). The Corporation will incur Qualifying Expenditures (as defined herein) as to \$0.25 per Flow-Through Share and renounce such Qualifying Expenditures to subscribers of Flow-Through Shares effective on or before December 31, 2008. Flow-Through Funds will be expended on Canadian exploration expense ("**CEE**") and on Canadian development expense ("**Eligible CDE**") (collectively, the Flow-Through Funds expended by the Corporation as CEE and Eligible CDE shall be referred to herein as "**Qualifying Expenditures**") which can be renounced to subscribers of Flow-Through Shares as CEE. Based on the current provisions of the Tax Act, estimated deductions to subscribers of Flow-Through Shares for income tax purposes will total \$0.25 per Flow-Through Share in 2008. See "Certain Canadian Federal Income Tax Considerations".

Investors should rely only on the information contained in or incorporated by reference in this short form prospectus. The Corporation has not authorized anyone to provide investors with different information. The Corporation is not offering the Offered Securities in any jurisdiction in which the Offering is not permitted. Investors should not assume that the information contained in this short form prospectus is accurate as of any date other than the date on the front of this short form prospectus.

The Corporation's head office is located at Suite 1000, 888 – 3<sup>rd</sup> Street S.W., Calgary, Alberta, T2P 5C5 and its registered office is located at 1200, 700 – 2<sup>nd</sup> Street S.W., Calgary, Alberta, T2P 4V5.

Unless otherwise stated, all references to "\$" are to Canadian dollars.

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## DOCUMENTS INCORPORATED BY REFERENCE

Information has been incorporated by reference in this short form prospectus 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 Chief Executive Officer of Saha by sending a written request to Suite 1000, 888 – 3<sup>rd</sup> Street S.W. Calgary, Alberta, T2P 5C5, by faxing such written request to 403-668-6001, by calling 403-444-5964 or by e-mailing [wally.pollock@sahapetroleum.com](mailto:wally.pollock@sahapetroleum.com), and are also available electronically at [www.sedar.com](http://www.sedar.com).

The following documents of Saha, filed with Canadian securities regulatory authorities in the provinces of Alberta, British Columbia, Saskatchewan, Manitoba, Ontario and Nova Scotia (collectively, the "**Filing Provinces**") are specifically incorporated by reference into and form an integral part of this short form prospectus:

1. the unaudited interim consolidated financial statements of the Corporation (formerly Mises Capital Corporation) as at and for the three month period ended March 31, 2008, together with the notes thereto;
2. the management's discussion and analysis of financial condition and results of operations of the Corporation for the three month period ended March 31, 2008;
3. the initial annual information form of the Corporation dated April 25, 2008 for the fiscal year ended December 31, 2007 (the "**AIF**");
4. the material change report of the Corporation (formerly Mises Capital Corporation) dated October 22, 2007 relating to the execution of a letter of intent in respect of the acquisition ("**Acquisition**") of Gotham Resources Inc. ("**Gotham**") by the Corporation;
5. the audited comparative financial statements of the Corporation (formerly Mises Capital Corporation) as at and for the fiscal year ended December 31, 2007, together with the notes thereto and the auditors' report thereon;
6. the management's discussion and analysis of financial condition and results of operations of the Corporation (formerly Mises Capital Corporation) for the fiscal year ended December 31, 2007;
7. the business acquisition report of the Corporation dated April 3, 2008 relating to the Acquisition (the "**BAR**");
8. the material change report of the Corporation dated April 10, 2008 relating to the completion of the Acquisition and the change of name of "Mises Capital Corporation" to "Saha Petroleum Ltd.";
9. the material change report of the Corporation dated April 11, 2008 relating to the Offering;
10. the material change report of the Corporation dated April 21, 2008 relating to execution of the acquisition agreement dated February 22, 2008, by the Corporation and Gotham (the "**Acquisition Agreement**") in respect of the Acquisition;
11. the material change report of the Corporation dated July 7, 2008 relating to the Offering; and
12. the management information circular of the Corporation dated July 16, 2007 prepared in connection with the annual general and special meeting of the Corporation's shareholders held on August 17, 2007.

Any documents of the type required by National Instrument 44-101 to be incorporated by reference in a short form prospectus filed by the Corporation with the securities commissions or similar authorities in Canada after the date of this short form prospectus and before the termination of this Offering, are deemed to be incorporated by reference in this short form prospectus.

**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 short form prospectus 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 short form prospectus.**

#### **FORWARD LOOKING STATEMENTS**

This short form prospectus and the documents incorporated by reference herein contain certain forward-looking statements and forward-looking information which are based on the Corporation's current internal expectations, estimates, projections, assumptions and beliefs. The use of any of the words "anticipate", "continue", "estimate", "expect", "may", "will", "project", "plan", "should", "believe" and similar expressions are intended to identify forward-looking statements and forward-looking information. These statements are not guarantees of future performance and 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 or information. The Corporation believes that the expectations reflected in those forward-looking statements and information are reasonable but no assurance can be given that these expectations will prove to be correct and such forward-looking statements and information included in this prospectus and the documents incorporated by reference herein should not be unduly relied upon. Such forward-looking statements and information speak only as of the date of this prospectus or the particular document incorporated by reference herein and the Corporation does not undertake any obligation to publicly update or revise any forward-looking statements or information, except as required by applicable laws.

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

- the quality of and future net revenues from the Corporation's reserves;
- oil, natural gas liquids ("NGLs") and natural gas production levels;
- commodity prices, foreign currency exchange rates and interest rates;
- capital expenditure programs and other expenditures;
- supply and demand for oil, NGLs and natural gas;
- expectations regarding the Corporation's ability to raise capital and to continually add to reserves through acquisitions and development;
- schedules and timing of certain projects and the Corporation's strategy for growth;
- the Corporation's future operating and financial results; and
- treatment under governmental and other regulatory regimes and tax, environmental and other laws.

The Corporation's actual results could differ materially from those anticipated in these forward-looking statements and information as a result of both known and unknown risks, including the risk factors set forth under "Risk Factors" in the AIF, this short form prospectus and those set forth below:

- risks associated with the exploration for and development of oil and natural gas reserves;
- operational risks and liabilities that are not covered by insurance;
- volatility in market prices for oil, NGLs and natural gas;
- the ability of the Corporation to fund its substantial capital requirements and operations;
- risks associated with ensuring title to the Corporation's properties;

- changes in environmental or other legislation applicable to the Corporation's operations, and the Corporation's ability to comply with current and future environmental and other laws;
- uncertainties associated with estimating reserves;
- the Corporation's success at acquisition, exploitation and development of reserves;
- the Corporation's reliance on key operational and management personnel;
- the ability of the Corporation to obtain and maintain all of its required permits and licenses;
- competition for, among other things, capital, drilling equipment, acquisitions of reserves, undeveloped lands and skilled personnel;
- changes in general economic, market and business conditions in Canada, North America and worldwide;
- actions by governmental or regulatory authorities including changes in income tax laws or changes in tax laws and incentive programs relating to the oil and gas industry;
- the effect of the Corporation's debt on its operations; and
- risks associated with the nature of the Flow-Through Shares.

Many of these risk factors and other specific risks and uncertainties are discussed in further detail throughout the AIF and in other documents incorporated by reference herein which are available through the internet on the Corporation's SEDAR profile at [www.sedar.com](http://www.sedar.com). Readers are specifically referred to the risk factors described in this short form prospectus and in the AIF under "Risk Factors" and in other documents the Corporation files from time to time with securities regulatory authorities. Copies of these documents are available without charge from the Corporation or electronically on the internet on the Corporation's SEDAR profile at [www.sedar.com](http://www.sedar.com).

#### **SAHA PETROLEUM LTD.**

The Corporation was incorporated pursuant to the provisions of the *Business Corporations Act* (Alberta) ("**ABCA**") on November 19, 2004 as "Mises Capital Corporation" and effective April 1, 2008, changed its name to "Saha Petroleum Ltd." upon the filing of articles of amalgamation.

On March 14, 2008, the Corporation completed the Acquisition by acquiring 100% of the issued and outstanding common shares of Gotham in accordance with the terms and conditions of the Acquisition Agreement dated February 22, 2008, entered into between the Corporation and Gotham, resulting in Gotham becoming a wholly-owned subsidiary of the Corporation. Gotham was incorporated pursuant to the provisions of the ABCA on December 14, 2006 and was extra-provincially registered in Saskatchewan pursuant to the *Business Corporations Act* (Saskatchewan) on August 31, 2007. On March 28, 2008, Gotham changed its name to "Saha Petroleum Ltd." and effective April 1, 2008, the Corporation vertically amalgamated with Gotham by filing articles of amalgamation and concurrently changing its name to "Saha Petroleum Ltd." For more information in respect of the Acquisition, see the AIF and the BAR.

Saha has no subsidiaries.

#### **SUMMARY DESCRIPTION OF THE BUSINESS**

##### **General Development of the Business**

The Corporation is a natural resource corporation actively involved in the acquisition, exploration, development and production of petroleum and natural gas reserves in western Canada, with its properties located in the Province of Saskatchewan.

Currently, Saha has one employee and two contract staff, two of which are based in its office in Calgary, Alberta, and one in its office in Lloydminster, Alberta.

## Focus Areas

The Corporation's resource properties are located in the Maidstone and Rush Lake areas of the Province of Saskatchewan. These two areas are characterized by the occurrence of hydrocarbons (primarily heavy oil) with Lower-Cretaceous age formations. Saha is producing heavy oil from 5 wells in the Maidstone area, with working interests ranging from 78.13% to 100%, and from 2 wells in the Rush Lake area, with working interests of 25%. The major prospects within each area and certain details of each are described in the AIF and are summarized below. See the AIF for a description of the Corporation's principal properties and for information regarding its reserves.

## RECENT DEVELOPMENTS

On March 17, 2008, Saha announced that entered into a non-binding letter of intent ("**LOI**") with Brahma Resources Ltd. ("**Brahma**"), a private oil & gas company wholly owned and controlled by David Forrest, a director of Saha, to earn-out a 50% working interest in two oil & gas properties located in the Lloydminster area of Saskatchewan. Under the terms of the LOI, Saha will have a minimum drilling commitment of two wells (one well minimum on each property), with an option to drill additional wells, at its sole discretion, within 90 days subsequent to final rig release on the second well of the two well drilling commitment. Commencement of these drilling activities is anticipated to commence in the summer of 2008 and is not conditional upon the Closing of this Offering.

## CONSOLIDATED CAPITALIZATION

The following table outlines the consolidated capitalization of the Corporation: (i) as at December 31, 2007; (ii) as at March 31, 2008 before giving effect to the Offering and the use of the net proceeds of the Offering; and (iii) as at March 31, 2008 after giving effect to the Offering and the use of the net proceeds of the Offering. This table should be read in conjunction with the Corporation's audited annual financial statements for the year ended December 31, 2007, the unaudited consolidated financial statements for the three month period ended March 31, 2008, together with each of the notes thereto, prepared in accordance with generally accepted accounting principles consistently applied in Canada, and management's discussion and analysis of financial conditions and results of operations for the year ended December 31, 2007 and the three month period ended March 31, 2008, each incorporated by reference in this short form prospectus.

	<u>Outstanding as at December 31, 2007</u>	<u>Outstanding as at March 31, 2008 Before Giving Effect to the Offering</u>	<u>Outstanding as at March 31, 2008 After Giving Effect to the Offering<sup>(1)</sup></u>
	(audited)	(unaudited)	(unaudited)
<b>Bank Debt</b>	nil	nil	nil
<b>Long Term Debt</b>	nil	\$2,575,000 <sup>(3)</sup>	\$850,000
<b>Share Capital<sup>(2)</sup></b>	\$1,504,643	\$2,369,928	\$5,414,928
	(8,082,833 Common Shares)	(15,949,057 Common Shares)	(32,349,057 Common Shares)

### Notes:

- (1) After giving effect to the issuance of 16,400,000 Common Shares (including the 4,400,000 Flow-Through Shares) pursuant to the Offering (excluding the Common Shares issuable upon the exercise of the Warrants and the Agent's Option) and the use of the net proceeds of the Offering of approximately \$3,220,000, less the Agency Fee of \$25,000 and the expenses of the Offering of \$150,000.
- (2) See "Description of Share Capital". As at the date hereof, there are (a) 32,349,057 Common Shares outstanding after giving effect to the Offering (excluding the Common Shares issuable upon the exercise of the Warrants and the Agent's Option), and (b) options outstanding to acquire 1,474,000 Common Shares under the Corporation's stock option plan.
- (3) In connection with the Acquisition, the Corporation assumed Gotham's indebtedness of \$2,575,000 (net of the \$500,000 paid by the Corporation at closing of the Acquisition to reduce such indebtedness). The principal amount of this indebtedness is due and payable by the Corporation to Brahma on March 14, 2010, as evidenced by an amended and restated promissory note dated March 14, 2008 (the "**Brahma Loan**"), such loan bearing interest at 9% per annum, with interest only payments made on a monthly basis. For more details in respect of the Acquisition, see the AIF and the BAR of the Corporation.

## DESCRIPTION OF SHARE CAPITAL

The Corporation is authorized to issue an unlimited number of Common Shares in the capital of the Corporation without nominal or par value, of which 15,949,057 Common Shares are issued and outstanding as fully paid and non-assessable as at May 23, 2008. The Corporation also has authorized for issuance an unlimited number of Class "A" preferred shares and

Class "B" preferred shares (collectively, the "**Preferred Shares**"), of which nil Preferred Shares have been issued as at July 11, 2008.

### **Common Shares**

The holders of the Common Shares are entitled to receive notice of and attend any meeting of the Corporation's shareholders and are entitled to one vote for each Common Share held (except at meetings where only the holders of another class of shares are entitled to vote). Subject to the rights attaching to any other class of shares, the holders of the Common Shares are entitled to receive dividends, if, as and when declared by the directors of the Corporation and are entitled to receive the remaining property upon liquidation of the Corporation.

### **Preferred Shares**

The Preferred Shares may be issued from time to time in one or more series, each series consisting of a number of Preferred Shares as determined by the directors of the Corporation, who may fix the designations, rights, privileges, restrictions and conditions attaching to the shares of each series of Preferred Shares. As at the date hereof, there are no Preferred Shares issued and outstanding. The directors of the Corporation are also authorized to attach to any series of the Preferred Shares rights and privileges which are equal or superior to those attached to the Common Shares.

### **Flow-Through Shares**

The Flow-Through Shares are Common Shares with all of the same rights and entitlements set forth above, subject only to the additional obligation of the Corporation to incur Qualifying Expenditures during the Expenditure Period (as defined herein) and to renounce such Qualifying Expenditures to the subscribers of Flow-Through Shares. See "*Details of the Flow-Through Share Offering*".

### **Warrants**

The Warrants will be created and issued pursuant to the terms of a warrant indenture (the "**Warrant Indenture**") to be entered into between Saha and Olympia Trust Company (the "**Warrant Agent**"), as warrant agent, on the closing of the Offering. The principal transfer offices of the Warrant Agent located at Calgary, Alberta will be the location at which Warrants may be surrendered for exercise or transfer.

The following is a summary of the material attributes and characteristics of the Warrants. This summary does not, however, include a description of all of the terms of the Warrants. Reference should be made to the Warrant Indenture for a complete description of the terms of the Warrants.

Each Warrant will entitle the holder to purchase one Common Share at a price of \$0.25 per Common Share at any time before 4:30 p.m. (Calgary time) on the date which is 12 months after the date of closing of the Offering, and thereafter at a price of \$0.30 per Common Share at any time before 4:30 p.m. (Calgary time) on the date which is 24 months after the Closing Date of the Offering after which time the Warrants will expire.

The Warrants will be transferable by the holder. However, there is no market through which the Warrants may be sold and purchasers may not be able to resell Warrants. This may affect the pricing of the Warrants in the secondary market, the transparency and availability of trading prices, the liquidity of the Warrants and the extent of issuer regulation. See "Risk Factors".

Neither the Warrants nor the Common Shares issuable upon exercise of the Warrants have been or will be registered under the U.S. Securities Act or any state securities laws, and the Warrants may not be exercised in the United States or by, or for the account or benefit of, a U.S. person unless an exemption from such registration requirements is available. Certificates evidencing the Warrants and the Common Shares issuable upon exercise of the Warrants, which are issued in the United States or to, or for the account or benefit of, a U.S. person will bear a legend to this effect.

The Warrant Indenture will contain customary provisions designed to protect the holders of Warrants against dilution upon the happening of certain stated events, including standard adjustments in the number of Common Shares issuable upon the exercise of the Warrants and/or the exercise price per Common Share.

No fractional Common Shares will be issuable upon the exercise of Warrants, and no cash or other consideration will be paid in lieu of fractional shares. Holders of Warrants will not have any voting or pre-emptive rights or any other rights which a holder of Common Shares would have.

From time to time, Saha and the Warrant Agent, without the consent of the holders of Warrants, may amend or supplement the Warrant Indenture for certain purposes, including curing defects or inconsistencies or making any change that does not adversely affect the rights of any holder of Warrants. Any amendment or supplement to the Warrant Indenture that adversely affects the interests of the holders of Warrants may only be made by "extraordinary resolution", which will be defined in the Warrant Indenture as a resolution either: (i) passed at a meeting of the holders of Warrants (at which there are holders of Warrants present in person or represented by proxy representing at least 25% of the aggregate number of the then outstanding Warrants) by the affirmative vote of holders of Warrants representing not less than two-thirds of the aggregate number of then outstanding Warrants represented at the meeting and voted on such resolution; or (ii) adopted by an instrument in writing signed by the holders of Warrants representing not less than two-thirds of the aggregate number of then outstanding Warrants.

No fee or commission is payable to the Agent with respect to the exercise of Warrants.

#### TRADING PRICE AND VOLUME

The Common Shares trade on the TSXV under the symbol "SPZ". The following table sets forth certain trading information for the Common Shares on the TSXV for the 4-month period before the date hereof:

<u>2008</u>	<u>High</u>	<u>Low</u>	<u>Close</u>	<u>Volume</u>
July 1 - 10	\$0.21	\$0.08	\$0.145	888,660
June	\$0.25	\$0.10	\$0.14	459,145
May	\$0.195	\$0.10	\$0.195	403,333
April <sup>(2)</sup>	\$0.23	\$0.08	\$0.20	132,274
March 7 to 31 <sup>(1)</sup>	\$0.22	\$0.11	\$0.22	128,600
February <sup>(1)</sup>	-	-	-	-
January <sup>(1)</sup>	-	-	-	-

**Notes:**

- (1) The Common Shares were halted from trading on October 15, 2007 pending receipt and review by the TSXV of acceptable documentation regarding the Acquisition. The Common Shares resumed trading on March 7, 2008 in accordance with the policies of the TSXV.
- (2) The Common Shares commenced trading on the TSXV under the trading symbol "SPZ" effective April 25, 2008. Prior thereto, the Common Shares traded on the TSXV under the trading symbol "MPP".

#### PRIOR SALES

During the 12 month period prior to the date of this short form prospectus, Saha issued 7,866,224 Common Shares to acquire all of the outstanding shares of Gotham on March 14, 2008, in accordance with the terms and conditions of the Acquisition Agreement. In addition, on March 14, 2008, incentive stock options exercisable into an aggregate of 660,000 Common Shares at a price of \$0.11 per share, expiring March 14, 2013, were granted to directors, officers and employees of Saha, and on March 31, 2008, incentive stock options exercisable into an aggregate of 58,000 Common Shares at a price of \$0.22 per share, expiring March 31, 2013, were granted to an executive officer of Saha. See the AIF and the BAR for more details in respect of the Acquisition of Gotham.

#### USE OF PROCEEDS

The estimated net proceeds to the Corporation from the sale of the Offered Securities distributed under this short form prospectus will be approximately \$3,045,000 under the Maximum Offering, after deducting, respectively, the Agent's Commission of \$280,000, the Agency Fee of \$25,000 and the expenses of the Offering estimated to be \$150,000, and \$285,000, under the Minimum Offering, after deducting, respectively, the Agent's Commission of \$40,000, the Agency Fee of \$25,000 and the expenses of the Offering estimated to be \$150,000.

The gross proceeds of the Offering will be used by the Corporation as follows:

	<b>Minimum Offering<sup>(2)</sup></b>	<b>Maximum Offering<sup>(2)</sup></b>
Reduce indebtedness under the Brahma Loan <sup>(1)</sup>	\$ nil	\$1,725,000
Drilling a minimum of one well under LOI, exploration and development activities and general working capital purposes	\$ 285,000	\$1,320,000
Agency Fee, Agent's Commission and expenses of the Offering	\$ 215,000	\$ 455,000
<b>Total</b>	<b>\$ 500,000</b>	<b>\$3,500,000</b>

**Notes:**

- (1) The Corporation's current indebtedness under the Brahma Loan was incurred in connection with the Acquisition. See "Consolidated Capitalization".
- (2) In all circumstances, the entire amount of any Flow-Through Funds raised under the Offering will be used to incur Qualifying Expenditures. See "Details of the Flow-Through Share Offering".

**For its fiscal year ended December 31, 2007, the Corporation had negative operating cash flow. The Corporation does not anticipate that any of the net proceeds of the Offering will be used to fund future operating expenses as it does not anticipate negative operating cash flow in the future. The Corporation plans to utilize the proceeds of the Offering as stated above. Due to the nature of the oil and natural gas industry, budgets are regularly reviewed in light of the success of the expenditures and other opportunities that may become available to the Corporation. In addition, the ability of the Corporation to carry out operations will depend upon the decisions of other working interest owners in its properties. Accordingly, there may be circumstances where, for sound business reasons, a reallocation of funds may be necessary. Actual use of the proceeds will vary depending on the Corporation's capital needs from time to time and results of drilling and will be subject to the discretion of management. See "Risk Factors".**

**PLAN OF DISTRIBUTION**

Pursuant to an agency agreement (the "**Agency Agreement**") dated May 23, 2008, as amended July 7, 2008, among the Corporation and the Agent, the Agent has agreed to act as agent of the Corporation to offer for sale the Offered Securities at the Offering Price in the provinces of Alberta, British Columbia, Saskatchewan, Manitoba, Ontario, Nova Scotia and certain other jurisdictions if and as agreed to by the Corporation and the Agent, on a reasonable "best efforts" basis, if, as and when issued by the Corporation, in accordance with the terms of the Agency Agreement. Completion of the Offering is subject to the receipt of the Minimum Offering of aggregate gross proceeds of \$500,000. The Offering Price was determined by negotiation between the Corporation and the Agent.

This Offering consists of up to 4,400,000 Flow-Through Shares at a price of \$0.25 per share and up to 12,000,000 Units at a price of \$0.20 per Unit. Each Unit is comprised of one Common Share and one Warrant. Each Warrant will entitle the holder to purchase one additional Common Share for 24 months after the Closing of the Offering at a price of \$0.25 per Common Share for the first 12 months and \$0.30 per Common Share for the second 12 months after the Closing of the Offering. The Units will not trade and will immediately separate into Common Shares and Warrants upon issue. No fee or commission is payable to the Agent with respect to the exercise of the Warrants.

**Other Matters Relating to the Offering**

The obligations of the Agent under the Agency Agreement may be terminated at any time in its sole discretion on the basis of its assessment of the state of the financial markets and on the occurrence of certain stated events. While the Agent has agreed to use its best efforts to sell the Offered Securities, the Agent is not obligated to purchase Offered Securities that are not sold. The Corporation has agreed to indemnify the Agent and its affiliates, directors, officers, employees or agents against certain liabilities in connection with the issuance and sale of the Offered Securities on customary terms and conditions.

Up to \$3,500,000 will be raised under the Offering. Subscriptions will be received subject to rejection or allotment in whole or in part and the right is reserved to close the subscription books at any time without notice. Provided the Minimum Offering is subscribed for, Closing will take place on or about August 25, 2008 or such other date as may be agreed upon by the Corporation and the Agent. Notwithstanding the foregoing and as further described below, the distribution of the Offered Securities will not continue for a period of more than 90 days after the date of the receipt for this short form prospectus without the consent of applicable securities regulatory authorities and unless each of the persons and companies who subscribed within that period has consented to the continuation. Should a closing occur in respect of the Minimum Offering, one or more additional closings, if necessary, may occur until the earlier of the Maximum Offering being subscribed and the expiry of the

90 day period. The funds received from subscriptions will be held by a depository who is a registrant, bank or trust company pending the Closing Date and if the minimum amount of funds is not raised, the funds will be returned to the subscribers, without interest or deduction, unless the subscribers have otherwise instructed the depository. Certificates representing the Common Shares (including the Flow-Through Shares) and Warrants will be available for delivery at the closing of the Offering on the Closing Date.

The TSXV has conditionally approved the listing of the Flow-Through Shares and the Common Shares comprising part of the Units, the Common Shares issuable pursuant to the Warrants comprising part of the Units and the Common Shares issuable pursuant to the Agent's Option. The listing of such Common Shares will be subject to the Corporation fulfilling all of the requirements of the TSXV.

There is no market through which the Warrants may be sold and none is expected to develop. Purchasers may not be able to resell the Warrants comprising the Units that are purchased under this short form prospectus. This may affect the pricing of the Warrants in the secondary market, the transparency and availability of trading prices and the liquidity of the Warrants. See "Risk Factors".

An investment in the Offered Securities involves a high degree of risk. See "Risk Factors".

All investors are advised to consult their own tax, accounting and legal advisors to determine income tax benefits or consequences, if any, to purchasers of Flow-Through Shares and Units. Neither the Corporation nor the Corporation's accounting and legal advisors will provide any legal, accounting or tax advice to prospective investors in connection with the Offering.

Pursuant to the Agency Agreement, the Agents will receive a cash commission equal to 8% of the gross proceeds of the Offering. In addition to the Agents' Fee, the Agents will also be granted the Agent's Option equal to 10% of the number of Offered Securities sold under the Offering. Each Agent's Option will entitle the holder to acquire one Common Share at \$0.20 per Common Share at any time until that date which is 24 months after the Closing Date. No additional fee or commission will be payable by the Corporation in connection with the distribution of the Common Shares upon the exercise of the Agent's Option. This short form prospectus qualifies the distribution of the Agent's Option.

The Agent may, in its discretion, and at no additional cost to the Corporation, form a selling group consisting of other investment dealers to offer the Offered Securities for sale. Members of the selling group may be offered a portion of the Agent's Commission and the Agent's Option.

The Corporation has also agreed with the Agent that the Agent will have the right of first refusal in connection with any proposed equity or debt financing for a period of 24 months from the Closing Date.

Pursuant to applicable securities legislation, the Agent may not, throughout the period of distribution under this short form prospectus, bid for or purchase Common Shares. The foregoing restriction is subject to certain exceptions, including: (a) a bid for or purchase of Common Shares if the bid or purchase is made through the facilities of the TSXV in accordance with the Universal Market Integrity Rules of Market Regulation Services Inc.; (b) a bid or purchase on behalf of a client, other than certain prescribed clients, provided that the client's order was not solicited by the Agent, or if the client's order was solicited, the solicitation occurred before the commencement of a prescribed restricted period; and (c) a bid or purchase to cover a short position entered into prior to the period of distribution as prescribed by the rules.

In connection with the Offering and subject to applicable laws, the Agent may effect transactions which stabilize or maintain the market price of the Common Shares at levels other than those which might otherwise prevail on the open market. Such transactions, if commenced, may be discontinued at any time.

The Flow-Through Shares, the Units, the Common Shares, the Warrants and the Agent's Option (collectively, the "**Securities**") have not been and will not be registered under the U.S. Securities Act, or the securities laws of any state. The Securities may not be offered or sold within the United States except in transactions exempt from the registration requirements of the U.S. Securities Act and applicable state securities laws.

This short form prospectus does not constitute an offer to sell or a solicitation of an offer to buy any of the Securities offered hereby in the United States. In addition, until 40 days after the commencement of the Offering, any offer or sale of the Securities within the United States by any dealer, whether or not participating in the Offering, may violate the registration requirements of the U.S. Securities Act if that offer or sale is made otherwise than in accordance with Rule 144A under the U.S. Securities Act.

## **DETAILS OF THE FLOW-THROUGH SHARE OFFERING**

The Flow-Through Shares will be issued as "flow-through shares" under the Tax Act. Pursuant to the Subscription Agreement (as defined below under "**Subscription for Flow-Through Shares**"), the Corporation will covenant and agree to incur Qualifying Expenditures in an amount equal to the Flow-Through Funds on or after the date the Flow-Through Shares are subscribed for and on or before December 31, 2009 (the "**Expenditure Period**"). The Corporation will renounce the Qualifying Expenditures to the subscribers of the Flow-Through Shares effective on or before December 31, 2008. If the Corporation does not renounce to such subscriber the Qualifying Expenditures with effect on or before the specified dates, or if there is a reduction in such amount renounced pursuant to the provisions of the Tax Act, the Corporation shall indemnify the subscriber as to an amount equal to the amount of any tax payable or that may become payable under the Tax Act (and under any corresponding provincial legislation) by the subscriber as a consequence of the Corporation's failure to renounce. Subscribers should consult their own professional advisors to assess the income tax, legal and other aspects of an investment in the Flow-Through Shares. See "Certain Canadian Federal Income Tax Considerations" and "Risk Factors – Canadian Tax Treatment of Flow-Through Shares".

## **SUBSCRIPTION FOR FLOW-THROUGH SHARES**

Subscriptions for Flow-Through Shares will be made pursuant to one or more subscription agreements (collectively, the "**Subscription Agreement**") to be entered into between the Corporation and the Agent, or any sub-agents of the Agent, as agents for and on behalf of all subscribers of Flow-Through Shares. Subscribers who place an order to purchase Flow-Through Shares with an Agent, or any sub-agent of an Agent, will be deemed to have authorized the Agent, or any sub-agents of the Agent, to execute and deliver, on their behalf, the Subscription Agreement. The Subscription Agreement will contain acknowledgements, representations, warranties and agreements of the subscribers to the Corporation, and by its purchase of Flow-Through Shares, each subscriber of Flow-Through Shares offered hereunder will be deemed to have acknowledged, represented, warranted and agreed, for the benefit of the Corporation, that: (a) the subscription by the subscriber is subject to the acceptance of the Corporation and is effective only upon such acceptance; (b) the subscriber has received and reviewed a copy of this short form prospectus; (c) the subscriber waives any right he or she may have to any federal or provincial credits, grants or similar or like payments, other than as set out in this short form prospectus arising or resulting from the incurring of the Qualifying Expenditures and acknowledges that such credits, grants and similar or like payments shall belong to, be vested in and accrue solely to the benefit of the Corporation; (d) the obligation of the Corporation to renounce the Qualifying Expenditures shall be limited to the extent specifically stated in the Subscription Agreement and this short form prospectus; (e) the subscriber is not a non-resident of Canada for the purposes of the Tax Act; (f) the subscriber, if an individual, is of the full age of majority and otherwise has the legal capacity and competence to enter into and be bound by the Subscription Agreement; and (g) the subscriber presently deals, and will at all relevant times continue to deal, at arm's length with the Corporation for the purposes of the Tax Act. Notwithstanding the foregoing, the Corporation may enter into one or more Subscription Agreements for Flow-Through Shares on such other terms as may be agreed to by the Corporation and the applicable subscriber.

## **PROMOTERS OF THE CORPORATION**

There are no persons or companies, within the two years immediately preceding the date of this short form prospectus, acting as promoters of the Corporation, other than Wally Pollock, President, Chief Executive Officer and a director of the Corporation, and Stephen Johnston, Chairman of the Board and a director, who was the President and Chief Executive Officer of the Corporation until the closing of the Acquisition.

## **RISK FACTORS**

An investment in the Offered Securities involves a significant degree of risk and should be considered highly speculative due to the high-risk nature of the Corporation's activities, including the nature of Saha's involvement in the exploration for and the acquisition, development and production of oil and natural gas and certain risks associated with Offered Securities, generally.

Since inception, the Corporation has had negative operating cash flow. The Corporation recently completed the Acquisition of Gotham and, as a result, does not anticipate a negative operating cash flow in the future. However, due to the early stage of development of the Corporation and the inherent risks involved with the oil and gas industry there are no assurances that future operating cash flow will be positive. The Corporation has generated losses to date and it may require additional funds to undertake its planned exploration and development programs and to further explore, develop and acquire properties. There is no assurance that such additional funding will be available to the Corporation. Additional equity financing may result in substantial dilution thereby reducing the marketability of the Common Shares.

An investment in the Offered Securities should only be made by those persons who can afford the loss of their entire investment.

A comprehensive list of Risk Factors is contained in the AIF and other documents of the Corporation incorporated by reference into this short form prospectus. A number of factors, including but not limited to those discussed in the AIF, could cause the Corporation's results to differ materially from its expectations. Prospective investors should carefully review those factors, and all information contained elsewhere in this short form prospectus and in the documents incorporated by reference, including those under the heading "Risk Factors" in the AIF and in managements discussions and analysis of financial conditions and operating results of the Corporation, prior to making an investment in the Offered Securities. Exploration for oil and natural gas involve many risks, which even a combination of experience, knowledge and careful evaluation may not be able to overcome. There is no assurance that commercial quantities of oil and natural gas will be discovered by the Corporation.

### **No Public Market for the Warrants**

There is no market through which the Warrants may be sold and purchasers may not be able to resell Warrants. This may affect the pricing of the Warrants in the secondary market, the transparency and availability of trading prices, the liquidity of the Warrants, and the extent of issuer regulation.

### **Canadian Tax Treatment of Flow-Through Shares**

The tax treatment applicable to oil and gas activities and Flow-Through Shares constitutes a major factor when considering an investment in the Flow-Through Shares. There is no guarantee that the taxation laws and regulations and the current administrative practices of both the federal and provincial tax authorities will not be amended or construed in such a way that the tax considerations for a subscriber holding Flow-Through Shares will not be altered and, moreover, there is no guarantee that there will not be any differences of opinion between the federal and provincial tax authorities with respect to the tax treatment of the Flow-Through Shares, the status of such Flow-Through Shares and the activities contemplated by the Corporation's exploration and development programs. See "Certain Canadian Federal Income Tax Considerations".

The Flow-Through Shares are designed for investors whose income is subject to high marginal tax rates. The right to deduct Qualifying Expenditures accrues to the initial purchaser of the Flow-Through Shares and is not transferable. In addition, there is no guarantee that the expected tax deductions will be accepted by the Canada Revenue Agency ("CRA"). Consequently, the tax considerations for subscribers holding or selling Flow-Through Shares may be fundamentally altered. See "Certain Canadian Federal Income Tax Considerations".

There can be no assurance that the Flow-Through Shares will not be viewed by the CRA or a court as constituting prescribed shares for the purposes of the Tax Act. If the Flow-Through Shares are prescribed shares, such shares will not be considered "flow-through shares" and subscribers will not be entitled to any renunciations of Qualifying Expenditures from the Corporation. However, in such circumstances, the Flow-Through Shares will not be governed by the rules of the Tax Act deeming flow-through shares to have a cost of nil. See "Certain Canadian Federal Income Tax Considerations".

There is a risk that the Corporation will not incur or renounce Qualifying Expenditures in an aggregate amount equal to the Flow-Through Funds. Generally, the subscription price for the Flow-Through Shares will be released to the Corporation before Qualifying Expenditures have been incurred and renounced. **If the Corporation does not incur Qualifying Expenditures in an amount equal to the Flow-Through Funds, the Corporation shall reduce the amount of Qualifying Expenditures that it has renounced in favour of the investors and the investors will be reassessed accordingly.** The Subscription Agreement will require the Corporation to indemnify the subscriber for any tax payable or that becomes payable under the Tax Act (or any corresponding provincial legislation) as a result of the failure by the Corporation to incur or renounce to the subscriber Qualifying Expenditures equal to the Flow-Through Funds effective on or before December 31, 2008. Subscribers will not be subject to penalties for any such reassessment and no interest will be payable on such additional tax if such tax is paid by April 30, 2009, in the case of Qualifying Expenditures renounced in accordance with subsections 66(12.6) or (12.601) of the Tax Act, and April 30, 2010, in the case of Qualifying Expenditures renounced in accordance with subsection 66(12.66) of the Tax Act. See "Certain Canadian Federal Income Tax Considerations".

### **CERTAIN CANADIAN FEDERAL INCOME TAX CONSIDERATIONS**

In the opinion of Gowling Lafleur Henderson LLP, counsel to the Corporation, and Macleod Dixon LLP, counsel to the Agent, the following is, as of the date hereof, a fair and adequate summary of the principal Canadian federal income tax considerations generally applicable to subscribers of the Offered Securities who at all relevant times are individuals or corporations resident in Canada, deal at arm's length and are not affiliated with the Corporation, and who hold the Common Shares, Warrants and

Flow-Through Shares acquired hereunder as capital property, all within the meaning of the Tax Act. The Common Shares, Warrants and Flow-Through Shares will generally constitute capital property to a subscriber thereof unless the subscriber holds the Common Shares, Warrants or Flow-Through Shares in the course of carrying on a business of buying and selling securities or acquires the Common Shares, Warrants or Flow-Through Shares in a transaction or transactions considered to be an adventure in the nature of trade. Certain subscribers whose Common Shares might not otherwise qualify as capital property may, in certain circumstances, be eligible to make an irrevocable election as permitted by subsection 39(4) of the Tax Act to have the Common Shares and all other "Canadian securities" (within the meaning of the Tax Act) owned by such subscriber deemed to be capital property in the taxation year of the election and all subsequent taxation years. **This election is not available for Flow-Through Shares and subscribers considering making such election should consult their own tax advisors.**

This summary does not apply to subscribers who are: (i) "principal-business corporations" within the meaning of the Tax Act; (ii) whose business includes trading or dealing in rights, licenses or privileges to explore for, drill for or take minerals, petroleum, natural gas or other related hydrocarbons; (iii) "financial institutions", "specified financial institutions" or an interest in which constitutes a "tax shelter investment", all within the meaning of the Tax Act; or (iv) partnerships or trusts.

This summary is based on the current provisions of the Tax Act and the regulations thereunder (the "**Regulations**"), all specific proposals to amend the Tax Act and the Regulations publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof (the "**Proposed Amendments**") and counsel's understanding of the current published administrative practices of the CRA. Except for the Proposed Amendments, this summary does not take into account or anticipate any changes in law or administrative practice, nor does it take into account provincial or territorial tax laws of Canada or the tax laws of any foreign jurisdiction which may be different from those discussed herein. No assurance can be given that the Proposed Amendments will be enacted as proposed (or at all) or that legislative, judicial or administrative changes will not alter the statements made herein.

**This summary is of a general nature only and is not intended to be, nor should it be construed to be, legal or tax advice to any particular subscriber. Accordingly, each potential subscriber should obtain independent advice regarding the income tax consequences of investing in the Offered Securities having regard to the subscriber's particular circumstances.**

This summary assumes that the Corporation will make all necessary tax filings in respect of the issuance of the Flow-Through Shares and the renunciation of Qualifying Expenditures in the manner and within the time required by the Tax Act and the Regulations, that the Corporation will incur sufficient Qualifying Expenditures to enable it to renounce to subscribers all of the Qualifying Expenditures covenanted to be renounced by the Corporation pursuant to the Subscription Agreement effective on the dates set out therein and that all expenses discussed herein will be reasonable in amount. This summary assumes that the Corporation will be a "principal-business corporation" at all material times and that the Flow-Through Shares, when issued, will be "flow-through shares" and will not be "prescribed shares", all within the meaning of the Tax Act. If any of the above assumptions are incorrect, the Corporation may be unable to renounce some or all of the Qualifying Expenditures which it has agreed to renounce.

The federal income tax consequences to a particular subscriber of an investment in the Units or Flow-Through Shares hereunder will vary according to a number of factors, including the particular provinces in which the subscriber resides, carries on business or has a permanent establishment, the legal characterization of the subscriber as an individual or corporation, the amount that would be the subscriber's taxable income but for the investment in the Units or Flow-Through Shares.

#### **Allocation of Unit Purchase Price**

In acquiring Units, subscribers will be acquiring ownership of Common Shares and Warrants represented by such Units. The Common Shares and Warrants are separate properties and accordingly, subscribers will be required to allocate the purchase price paid for each Unit between the Common Share and the Warrant on a reasonable basis in order to determine their respective costs for purposes of the Tax Act. The Corporation intends to allocate \$0.20 of the purchase price to each Common Share and nil of the purchase price to each Warrant. While the Corporation considers this allocation to be reasonable, it is not binding on the CRA or the subscriber and counsel express no opinion as to such allocation. A successful challenge of such allocation by the CRA will affect the adjusted cost base of the Common Shares and the Warrants to a subscriber.

#### **Qualifying Expenditures**

The Corporation will be entitled to renounce Qualifying Expenditures incurred by it during the Expenditure Period to subscribers in an amount equal to the subscription price for the Flow-Through Shares as permitted by and in accordance with

the Tax Act. Such Qualifying Expenditures that are properly renounced to a subscriber will be deemed to be CEE incurred by the subscriber on the effective date of the renunciation.

The Corporation generally will be entitled to renounce Qualifying Expenditures incurred, or deemed to be incurred, by it on or after the date that subscriptions for the Flow-Through Shares are accepted, less (i) any previous renunciations with respect to such expenses, (ii) any portion of those expenses which are prescribed under the Regulations as being "Canadian exploration and development overhead expenses", (iii) certain seismic expenses and reclassified CDE, and (iv) any assistance that the Corporation has received, is entitled to receive, or may reasonably be expected to receive at any time which is reasonably related to those expenses. The Corporation may not renounce to subscribers an amount in excess of the amount paid by the subscribers for the Flow-Through Shares. The Corporation will not be entitled to renounce Qualifying Expenditures to the extent that such renunciation, if effective, would cause the Corporation's own cumulative CEE ("CCEE") or cumulative CDE, respectively, to be a negative amount.

Special rules in the Tax Act provide that corporations that have a "taxable capital amount" (within the meaning of the Tax Act) of not more than \$15,000,000 at the time consideration for the Flow-Through Shares is given may renounce up to \$1,000,000 of Eligible CDE incurred in a calendar year to subscribers and have the Eligible CDE deemed to constitute CEE to the subscriber. The Corporation intends to incur Eligible CDE so that the renounced Eligible CDE will be considered to be CEE to the subscriber in accordance with the above rules.

Certain Qualifying Expenditures incurred pursuant to a flow-through share agreement and within 12 months after the end of the calendar year in which the Flow-Through Shares are issued (the "preceding calendar year") can be treated as if incurred on the last day of the preceding calendar year, provided that (i) the subscription price for the relevant Flow-Through Shares has been paid for in money during the preceding calendar year; (ii) the subscriber deals at arm's length with the Corporation throughout that 12 month period; and (iii) the renunciation has been duly made in January, February or March of that 12 month period; and (iv) the effective date of the renunciation is the last day of the preceding calendar year. In the event the Corporation does not fully expend the amounts renounced by the end of that 12 month period, the Corporation will be required to reduce the amount previously renounced and the subscribers' income tax returns for the years in which the expenditures were claimed will be reassessed accordingly. However, interest would generally not be levied in respect of such reassessments until after April 2009, in the case of Qualifying Expenditures renounced in accordance with subsections 66(12.6) or (12.601) of the Tax Act, and April 30, 2010, in the case of Qualifying Expenditures renounced in accordance with subsection 66(12.66) of the Tax Act.

A subscriber for Flow-Through Shares to whom the Corporation renounces Qualifying Expenditures will have such Qualifying Expenditures added to the subscriber's CCEE. A subscriber may deduct in computing the subscriber's income from all sources for a taxation year an amount not exceeding 100% of the balance of the subscriber's CCEE at the end of that taxation year. Deductions claimed by a subscriber reduce the subscriber's CCEE by the amount claimed. To the extent that a subscriber does not deduct the full CCEE balance at the end of the taxation year, the balance will be carried forward and the subscriber will be entitled to claim deductions in respect thereof in subsequent taxation years in accordance with, and subject to the restrictions under, the provisions of the Tax Act. If at the end of a taxation year the reductions in calculating a subscriber's CCEE exceed the additions thereto, the excess must be included in computing the subscriber's income for that year and the subscriber's CCEE will thereupon have a nil balance. The disposition of Flow-Through Shares will not reduce a subscriber's CCEE.

Certain restrictions apply in respect of the deduction of CCEE following an acquisition of control and certain reorganizations of a corporate subscriber. Corporate subscribers should consult their own tax advisors with respect to the application of these rules.

A subscriber who disposes of Flow-Through Shares will retain the entitlement to receive renunciations of Qualifying Expenditures from the Corporation as described above, as well as the ability to deduct any Qualifying Expenditures previously deemed to have been incurred by the subscriber, and a subsequent purchaser of such Flow-Through Shares will not be entitled to any renunciation of any Qualifying Expenditures in respect thereof.

The acquisition of Units, comprised of Common Shares and Warrants, hereunder are not Flow-Through Shares and will not entitle a subscriber to any deductions with respect to Qualifying Expenditures.

### **Disposition of Shares**

A disposition or deemed disposition of a Flow-Through Share or a Common Share (other than to the Corporation) will result in the holder thereof realizing a capital gain (or a capital loss) in the taxation year of the disposition equal to the amount of which the proceeds of disposition exceed (or are less than) the aggregate of the holder's adjusted cost base of such shares and reasonable costs of the disposition. **For tax purposes, the initial cost to a subscriber of the Flow-Through Shares is**

**deemed to be nil.** The adjusted cost base of any Common Shares and Flow-Through Shares acquired pursuant to this Offering will generally be the average of the cost of all such shares including all other Common Shares held by the holder.

One-half of any such capital gain (a taxable capital gain) must be included in computing the income of the holder in the year of disposition, and one-half of any such capital loss (an allowable capital loss) generally must be deducted against taxable capital gains realized by the holder in the year of disposition. Allowable capital losses in excess of taxable capital gains for the year of disposition generally may be deducted by the holder against net taxable capital gains realized in any of the three preceding years or in any subsequent year, subject to various detailed provisions of the Tax Act including provisions that apply to corporate holders after a change of control.

If the holder of a Common Share is a corporation, any capital loss arising on a disposition of a share may in certain circumstances be reduced by the amount of any dividends, including deemed dividends, which have been received on the share.

A subscriber that throughout the relevant taxation year is a "Canadian-controlled private corporation", as defined in the Tax Act, may be liable to pay a refundable tax of 6 $\frac{2}{3}$ % on certain investment income, including taxable capital gains.

### **Dividends on Shares**

Although no dividends are expected to be paid on the Common Shares (including the Flow-Through Shares) in the near future, dividends (including deemed dividends) received on the Flow-Through Shares or Common Shares by a holder who is an individual (other than by certain trusts) will be included in the individual's income and will generally be subject to the gross-up and the dividend tax credit rules normally applicable to taxable dividends received from taxable Canadian corporations. To the extent the Corporation designates the dividends as "eligible dividends" in the prescribed manner, the holder will be subject to the enhanced gross-up and dividend tax credit rules. There may be limitations on the ability of the Corporation to designate dividends as "eligible dividends". Taxable dividends received by an individual (and certain trusts) may give rise to alternative minimum tax under the Tax Act, depending on the individual's circumstances.

Dividends (including deemed dividends) received on the Flow-Through Shares or Common Shares by a holder that is a corporation will be included in computing the corporation's income and will generally be deductible in computing the corporation's taxable income. A holder that is a "private corporation", as defined in the Tax Act, or any other corporation controlled by or for the benefit of an individual (other than a trust) or a related group of individuals (other than trusts), will generally be liable to pay a 33 $\frac{1}{3}$ % refundable tax under Part IV of the Tax Act on dividends received (or deemed to be received) on the Flow-Through Shares or Common Shares to the extent such dividends are deductible in computing its taxable income.

### **Minimum Tax**

Pursuant to the alternative minimum tax rules in the Tax Act, the tax otherwise payable under Part I of the Tax Act by an individual (other than certain trusts) will not be less than the minimum amount computed by reference to the individual's "adjusted taxable income" for the year. For these purposes, the minimum amount generally means the "appropriate percentage" (currently 15% for the 2008 taxation year) of adjusted taxable income in excess of \$40,000. In calculating adjusted taxable income for this purpose, certain deductions and credits otherwise available are disallowed and certain amounts otherwise not taxable are included in income. These disallowed items include deductions for Qualifying Expenditures and deductions for carrying charges which relate to an investment in Flow-Through Shares to the extent that such deductions exceed the individual's resource income after deductions for resource expenses, including Qualifying Expenditures. Also included in adjusted taxable income are 80% of capital gains. Whether and to what extent a particular individual will be subject to minimum tax will depend upon the amount of the individual's income, the sources from which it is derived and the nature and amount of any deductions that are claimed. Any additional tax payable for a year resulting from the application of the minimum tax provisions is recoverable to the extent the tax otherwise determined exceeds the minimum amount for any of the following seven taxation years.

### **Cumulative Net Investment Loss**

One-half of the amount of the Qualifying Expenditures renounced to a subscriber will increase the subscriber's cumulative net investment loss ("CNIL") for purposes of the Tax Act. A subscriber's CNIL may impact a subscriber's ability to claim the capital gains deduction available on the disposition of certain qualifying small business corporation shares, farm property and fishing property.

## **Warrants**

### *Exercise of Warrants*

No gain or loss will be realized by a subscriber upon the exercise of a Warrant. A subscriber's cost of a Common Share acquired on the exercise of a Warrant will be the aggregate of the adjusted cost base to the subscriber of the Warrant so exercised and the exercise price paid for such Common Share under the terms of the Warrant. The cost of any Common Share acquired on the exercise of a Warrant by a subscriber will be averaged with the adjusted cost base to the subscriber of any other Common Shares held by the subscriber as capital property at that time to determine the adjusted cost base of the Common Share so acquired.

### *Disposition of Warrants*

A subscriber who disposes of or is deemed to dispose of a Warrant (other than a disposition arising on the exercise or expiry of a Warrant) will realize a capital gain (or capital loss) in the amount by which the proceeds of disposition, net of any costs of disposition, exceed (or are less than) the adjusted cost base to the subscriber of the Warrant disposed of. The tax treatment of capital gains and losses is discussed above under "Disposition of Shares".

### *Expiry of Warrants*

The expiry of any unexercised Warrant will constitute a disposition of that Warrant for nil proceeds of disposition, resulting in the holder realizing a capital loss equal to the adjusted cost base to the holder of the expired Warrant. The tax treatment of capital losses is discussed above under "Disposition of Shares".

## **Eligibility for Investment**

The Common Shares, the Warrants and the Flow-Through Shares, subject to the provisions of any particular plan, will each be a qualified investment, within the meaning of the Tax Act, for trusts governed by registered retirement savings plans, registered education savings plans, registered retirement income funds, deferred profit sharing plans and registered disability savings plans (collectively, "**Exempt Plans**"), provided that the Common Shares are listed on a designated stock exchange, and in the case of the Warrants, that the Corporation deals at arm's length with each person who is an annuitant, a beneficiary, an employer or a subscriber under, or a holder of, the particular Exempt Plan, and the Corporation itself is not an annuitant, a beneficiary, an employer or a subscriber under, or a holder of, the particular Exempt Plan. It is not anticipated that Exempt Plans will subscribe for the Flow-Through Shares as Exempt Plans do not benefit from the deduction of Qualifying Expenditures as described below.

## **LEGAL MATTERS**

Legal matters in connection with the qualification for distribution of the Offered Securities will be passed upon on behalf of Saha by Gowling Lafleur Henderson LLP, and on behalf of the Agent by Macleod Dixon LLP.

## **AUDITORS, TRANSFER AGENT AND REGISTRAR**

The auditors of the Corporation are Meyers Norris Penny LLP, Chartered Accountants, 3<sup>rd</sup> Floor, 622 – 5<sup>th</sup> Avenue S.W., Calgary, Alberta, T2P 0M6.

The registrar and transfer agent for the Common Shares is Olympia Trust Company at its principle office at 2300, 125 -9<sup>th</sup> Avenue S.E., Calgary, Alberta, T2G 0P6.

The Warrant Agent for the Warrants distributed hereunder will be Olympia Trust Company at its principle office in Calgary, Alberta.

## **INTERESTS OF EXPERTS**

As at the date hereof, the partners and associates of each of Gowling Lafleur Henderson LLP, as a group, and the partners and associates of Macleod Dixon LLP, as a group, beneficially own, directly or indirectly, less than one percent of the outstanding Common Shares.

As of the date hereof, the principals of Chapman Petroleum Consultants Ltd., the Corporation's independent reserve evaluator, did not beneficially own, directly or indirectly, any securities of Saha.

Leigh Stewart, Corporate Secretary and a director of the Corporation, is an associate at Gowling Lafleur Henderson LLP, which law firm provides legal services to the Corporation.

The Corporation's current auditors, Meyers Norris Penny LLP, have confirmed that they are independent of the Corporation in accordance with the relevant rules and related interpretation prescribed by the Institute of Chartered Accountants of Alberta.

The Corporation's former auditors, MPG Chartered Accountants, have confirmed that they are independent of the Corporation in accordance with the relevant rules and related interpretation prescribed by the Institute of Chartered Accountants of Alberta.

#### STATUTORY RIGHTS OF WITHDRAWAL AND RESCISSION

Securities legislation in certain of the provinces of Canada provides purchasers with the right to withdraw from an agreement to purchase securities. This right may be exercised within two business days after receipt or deemed receipt of a prospectus and any amendment. The securities legislation further provides a purchaser with remedies for rescission or, in some jurisdictions, revision of the price or damages if the prospectus and any amendment contains a misrepresentation or is not delivered to the purchaser, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province. The purchaser should refer to applicable provisions of the securities legislation of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario and Nova Scotia for the particulars of these rights or consult with a legal advisor.

#### CONSENT OF AUDITORS

We have read the amended and restated short form prospectus of Saha Petroleum Ltd. (the "**Corporation**") dated July 11, 2008 relating to the sale and issue of Flow-Through Shares and Units of the Corporation. We have complied with Canadian generally accepted standards for an auditors' involvement with offering documents.

We consent to the incorporation by reference in the above-mentioned amended and restated short form prospectus of our report to the shareholders of the Corporation on the balance sheets of the Corporation as at December 31, 2007, and the statements of operations and deficient and comprehensive loss, and cash flows of the Corporation for the fiscal year then ended. Our report is dated March 17, 2008.

(signed) *Meyers Norris Penny LLP*  
Chartered Accountants  
Calgary, Canada  
July 11, 2008

#### CONSENT OF AUDITORS

We have read the amended and restated short form prospectus of Saha Petroleum Ltd. (the "**Corporation**") dated July 11, 2008, relating to the sale and issue of Flow-Through Shares and Units of the Corporation. We have complied with Canadian generally accepted standards for an auditors' involvement with offering documents.

We consent to the incorporation by reference in the above-mentioned amended and restated short form prospectus of our report to the shareholders of the Corporation on the balance sheets of the Corporation as at December 31, 2006 and 2005, and the statements of operations and deficit and cash flows for the years then ended. Our audit report is dated April 20, 2007.

We further consent to the incorporation by reference in the above-mentioned amended and restated short form prospectus of our report to the directors of the Corporation on the balance sheets of the Corporation as at December 31, 2005 and 2004 and the statements of operations and deficit and cash flows for the year ended December 31, 2005 and the period from incorporation, on November 19, 2004, to December 31, 2004. Our audit report is dated January 13, 2006.

(signed) *MPG*  
Chartered Accountants  
Calgary, Alberta  
July 11, 2008

## CONSENT OF AUDITORS

We have read the amended and restated short form prospectus of Saha Petroleum Ltd. (the "**Corporation**") dated July 11, 2008, relating to the sale and issue of Flow-Through Shares and Units of the Corporation. We have complied with Canadian generally accepted standards for an auditor's involvement with offering documents.

We consent to the incorporation by reference in the above-mentioned amended and restated short form prospectus of our report to the directors of Gotham Resources Inc. ("**Gotham**") on the balance sheets of Gotham as at September 30, 2007 and December 31, 2006, and the statements of operations, deficit and cash flows for the years ending September 30, 2007 and December 31, 2006. Our audit report is dated November 28, 2007.

We also consent to the incorporation by reference in the above-mentioned amended and restated short form prospectus of our report to the directors of Gotham on the schedule of revenues, royalties and operating expenses of the interests acquired from Brahman Resources Ltd. by Gotham for the twelve months ended November 30, 2006 and the ten and one-half months ended September 15, 2007. Our audit report is dated November 6, 2007.

*(signed) MPG*  
Chartered Accountants  
Calgary, Alberta  
July 11, 2008

**CERTIFICATE OF THE CORPORATION**

Dated: July 11, 2008

This short form prospectus, together with the documents incorporated herein by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this short form prospectus as required by the securities legislation of each of the provinces of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario and Nova Scotia.

(signed) "*Wally Pollock*"  
Wally Pollock  
Chief Executive Officer

(signed) "*Bruce Warkentin*"  
Bruce Warkentin  
Chief Financial Officer

On behalf of the Board of Directors

(signed) "*Robert Pollock*"  
Robert Pollock  
Director

(signed) "*Stephen Johnston*"  
Stephen Johnston  
Director

**CERTIFICATE OF THE PROMOTER**

Dated: July 11, 2008

This short form prospectus, together with the documents incorporated herein by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this short form prospectus as required by the securities legislation of each of the provinces of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario and Nova Scotia.

(signed) "*Wally Pollock*"  
Wally Pollock

(signed) "*Stephen Johnston*"  
Stephen Johnston

**CERTIFICATE OF THE AGENT**

Dated: July 11, 2008

To the best of our knowledge, information and belief, this short form prospectus, together with the documents incorporated herein by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this short form prospectus as required by the securities legislation of each of the provinces of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario and Nova Scotia.

**UNION SECURITIES LTD.**

Per: (signed) "*J. David D. McKeown*"  
J. David D. McKeown  
Senior Vice-President, Corporate Finance