

SAHA PETROLEUM LTD.

FINANCIAL STATEMENTS

MARCH 31, 2009
AS AMENDED APRIL 7, 2010
(*UNAUDITED*)

NOTICE OF NO AUDITOR REVIEW

Pursuant to National Instrument 51-102 Part 4, subsection 4.3(3) (a), the accompanying unaudited interim financial statements have been prepared by management and the Corporation's independent auditors have not performed a review of these financial statements

SAHA PETROLEUM LTD.

Balance Sheets

Unaudited

	As at March 31, 2009	As at December 31, 2008
Assets	\$	\$
Current		
Cash	18,655	82,432
Accounts receivable	428,824	246,221
Prepaid expenses and deposits	7,109	11,663
	454,588	340,316
Property, plant and equipment (Note 7)	3,833,936	4,479,457
	4,288,524	4,819,773
Liabilities		
Current		
Accounts payable and accrued liabilities	522,143	601,046
Bank debt (Note 8)	724,082	612,555
	1,246,225	1,213,601
Note payable (Note 8)	1,783,399	1,783,399
Asset retirement obligations (Note 9)	228,931	222,916
Shareholders' equity		
Share capital (Note 11)	3,219,928	3,219,928
Contributed surplus (Note 13)	207,745	207,745
Deficit	(2,397,704)	(1,827,816)
	1,029,969	1,599,857
	4,288,524	4,819,773

Continuance of operations (Note 1)

Contingent Liability (Note 5)

Related Party Transaction (Note 15)

Subsequent events (Note 8, 18)

See accompanying notes to the interim financial statements.

APPROVED ON BEHALF OF THE BOARD OF DIRECTORS

David Forrest
Director

Stephen Johnson
Director

SAHA PETROLEUM LTD.
Statements of Loss, Comprehensive Loss, and Deficit
Unaudited

	Three months ended	
	March 31, 2009	March 31, 2008
Revenue	\$	\$
Petroleum revenue	770,410	129,014
Expenses		
Royalties	172,408	28,701
Production and transportation	257,834	29,690
General and administrative	155,042	82,310
Interest, net	53,939	6,003
Depletion, depreciation and accretion	701,075	40,226
Stock-based compensation	-	45,551
	1,340,298	232,481
Net loss before income taxes	(569,888)	(103,467)
Income taxes (note 10)	-	-
Net loss and comprehensive loss for the period	(569,888)	(103,467)
Deficit, beginning of period	(1,827,816)	(1,016,179)
Deficit, end of period	(2,397,704)	(1,119,646)
Basic and diluted loss per share (note 12)	(0.027)	(0.011)

See accompanying notes to the interim financial statements

SAHA PETROLEUM LTD.

Statements of Cash Flows

Unaudited

	Three months ended	
	March 31, 2009	March 31, 2008
Operating activities		\$
Net loss and comprehensive loss for the period	(569,888)	(103,467)
Items not affecting cash:		
Depletion, depreciation, and accretion	701,075	40,226
Stock-based compensation	-	45,551
	131,187	(17,690)
Changes in non-cash working capital (note 17)	(256,952)	(19,871)
	(125,765)	(37,561)
Financing activities		
Working capital acquired in business combination	-	105,233
Repayment of note payable	-	(500,000)
Increase in bank debt	250,000	-
	250,000	(394,767)
Investing activities		
Additions to petroleum and natural gas properties	(49,540)	(78,888)
(Decrease) increase in cash for period	74,695	(511,216)
Cash and cash equivalents, beginning of period (note 17)	(130,122)	653,805
Cash and cash equivalents, end of period (note 17)	(55,427)	142,589

See accompanying notes to the interim financial statements

SAHA PETROLEUM LTD.
Notes to Financial Statements
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1. INCORPORATION, NATURE OF BUSINESS AND CONTINUANCE OF OPERATIONS

Saha Petroleum Ltd. (the "Corporation") was incorporated as Mises Capital Corporation under the Business Corporations Act (Alberta) on November 19, 2004 and was classified as a Tier 2 "oil and gas exploration and production" corporation under the symbol "MPP" on the TSX Venture Exchange ("TSXV") on August 11, 2006. On April 1, 2008, the Corporation changed its name to "Saha Petroleum Ltd." and began trading under the symbol "SPZ" on the TSXV on April 25, 2008.

These financial statements have been prepared on a going concern basis which contemplates the realization of assets and the payment of liabilities in the ordinary course of business. Should the Corporation be unable to continue as a going concern, it may be unable to realize the carrying value of its assets and to meet its liabilities as they become due.

The Corporation's ability to continue as a going concern is dependent upon its ability to attain profitable operations and generate funds there from, and to continue to obtain borrowings from third parties sufficient to meet current and future obligations. As at March 31, 2009 the Corporation has a deficit of \$2.4 million, has recorded a loss of \$0.6 million for the three months ended March 31, 2009, and has a negative working capital position of \$0.8 million. These financial statements do not reflect the adjustments or reclassification of assets and liabilities which would be necessary if the Corporation were unable to continue its operations.

The terms of the line of credit as described in note 8 require that certain measurable covenants be met. As at March 31, 2009 the Corporation was in compliance of such financial covenants, (December 31, 2008 - in violation).

2. SIGNIFICANT ACCOUNTING POLICIES

The unaudited financial statements of the Corporation have been prepared by management in accordance with Canadian generally accepted accounting principles ("GAAP") using the same accounting policies as those set out in note 2 to the audited financial statements for the year ended December 31, 2008, except as outlined below.

The unaudited interim financial statements for the three month period ended March 31, 2009 should be read in conjunction with the audited financial statements for the year ended December 31, 2008.

3. ADOPTION OF NEW ACCOUNTING POLICIES

The unaudited financial statements of the Corporation have been prepared by management using the same new accounting policies as those set out in note 3 to the audited financial statements for the year ended December 31, 2008, as it pertains to the **Capital Disclosures** and **Financial Instruments**.

Therefore, the unaudited interim financial statements for the three month period ended March 31, 2009 should be read in conjunction with the audited financial statements for the year ended December 31, 2008.

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4. RECENT ACCOUNTING PRONOUNCEMENTS

The unaudited financial statements of the Corporation have been prepared by management using the same recent accounting pronouncements as those set out in note 4 to the audited financial statements for the year ended December 31, 2008, as it pertains to the **International Financial Reporting Standards (“IFRS”)**.

Therefore, the unaudited interim financial statements for the three month period ended March 31, 2009 should be read in conjunction with the audited financial statements for the year ended December 31, 2008.

5. CONTINGENT LIABILITY

The Corporation had issued a guarantee in the amount of USD\$110,000 (CAD\$126,000) as security in favor of National Hydrocarbons Agency, the Colombian oil and gas governmental agency. During the year ended December 31, 2007, the purchaser of the assets in Colombia issued a letter of credit replacing the Corporation’s guarantee and therefore, the restricted cash of USD\$110,000 (CAD\$126,000) was released by the bank to the Corporation. However, the bank holding the letter of credit from the purchaser has not yet fully removed the Corporation’s guarantee and therefore the Corporation’s guarantee remains outstanding. It is the position of the Corporation that this guarantee does not present a liability.

6. ACQUISITION OF GOTHAM RESOURCES INC. AND AT ENERGY INC. IN 2008

Effective March 14, 2008, the Corporation purchased 100% of the issued and outstanding common shares of Gotham Resources Inc. (“Gotham”) for total consideration of \$1,477,179 which was paid for through the issuance of 7,866,224 common shares, \$500,000 cash, and transaction costs incurred of \$111,894. Of the 7,866,224 common shares issued, 2,500,778 common shares were put into escrow. On April 1, 2008, the Corporation completed a vertical amalgamation with Gotham.

The acquisition has been accounted for using the purchase method, and results of Gotham have been consolidated with the results of the Corporation from March 14, 2008. Please refer to the audited financial statements for the year ended December 31, 2008, for the allocation of the purchase price based upon the estimated fair values of the assets acquired and liabilities assumed.

Effective November 1, 2008, the Corporation purchased 100% of the issued and outstanding common shares of AT Energy Inc., (“AT”) , JAD Enterprises Inc. and 101049484 Saskatchewan Ltd. for total consideration of \$836,131 which was paid for through the issuance of 2,500,000 common shares, \$450,000 of cash, and transaction costs incurred of \$36,131. On November 24, 2008, the Corporation completed a vertical amalgamation with JAD Enterprises Inc. and 101049484 Saskatchewan Ltd. On the same day, the newly amalgamated entity was vertically amalgamated with AT.

The acquisition has been accounted for using the purchase method, and results of AT have been consolidated with the results of the Corporation from November 1, 2008. Please refer to the audited financial statements for the year ended December 31, 2008, for the allocation of the purchase price based upon the estimated fair values of the assets acquired and liabilities assumed.

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7. PROPERTY, PLANT AND EQUIPMENT

At March 31, 2009	Cost	Accumulated Depletion & Depreciation	Net book value
	\$	\$	\$
Petroleum and natural gas properties	5,801,374	(1,967,438)	3,833,936

At December 31, 2008	Cost	Accumulated Depletion & Depreciation	Net book value
	\$	\$	\$
Petroleum and natural gas properties	5,751,834	(1,272,377)	4,479,457

Cost for undeveloped land of \$ nil (2008 - \$110,398) have been excluded from cost subject to depletion.

The Corporation performed an impairment test of its capitalized assets as at December 31, 2008 and determined impairment to its property, plant, and equipment of \$33,000. Please refer to the audited financial statements, note 7 for the year ended December 31, 2008, for details of the benchmark prices used for the impairment test, as prepared by the Corporation's independent engineers as at December 31, 2008.

8. CREDIT FACILITIES

The Corporation currently has a line of credit evidenced by a Credit Agreement between the Corporation, as borrower, the Alberta Treasury Branch ("ATB"), as lender, for an amount up to \$800,000 (December 31, 2008 - \$800,000) which is secured by the assets of the Corporation and is subject to various covenants. The credit facility bears interest at prime plus 1.25%. As at March 31, 2009 the Corporation was in compliance of such financial covenants. At December 31, 2008, the Corporation was in violation, for which the lender subsequently provided a written waiver. The bank debt was repaid in full in June 2010.

The note payable bears interest at 9% Interest only payments are payable monthly, beginning April 15, 2008. The note payable is due to a corporation that is controlled by a director and officer of the Corporation. As at March 31, 2009 there was an interest accrual of \$6,688 (December 31, 2008 - \$24,289) which is included in accounts payable and accrued liabilities. The note payable was retired in full by July, 2009 as \$1.5 million was assumed by the purchaser of an oil and gas property effective May 1, 2009 and the balance was exchanged for company shares in July 2009.

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9. ASSET RETIREMENT OBLIGATIONS

The Corporation's asset retirement obligations result from net ownership interests in petroleum and natural gas assets

The following table presents the reconciliation of the beginning and ending aggregate carrying amount of the obligation associated with the retirement of oil and gas properties:

	Three months March 31, 2009	Year ended December 31, 2008
	\$	\$
Asset retirement obligations, beginning of period	222,916	-
Liabilities incurred or acquired	-	156,195
Liabilities settled or disposed	-	-
Change of estimates	-	57,604
Accretion	6,015	9,117
Asset retirement obligations, end of period	228,931	222,916

The total undiscounted amount of estimated cash flows required to settle the obligation as at as at March 31, 2009 was and at December 31, 2008 was \$352,176, which has been discounted using a credit adjusted risk free rate of 10%. All of these obligations are estimated to be incurred between 2010 and 2022 as per the Corporation's independent engineers.

10. INCOME TAXES

The Corporation has not recorded any future tax asset or liability, nor has it recorded any tax provision or recovery, due to the uncertainty of the Corporation's ability to generate sufficient future taxable income to utilize available income deductions.

11. SHARE CAPITAL

Authorized

- Unlimited number of common voting shares
- Unlimited number of Class A preferred shares, issuable in series
- Unlimited number of Class B preferred shares, issuable in series

The Directors of the Corporation are authorized to fix the number of shares in each series and to determine the designation, rights, privileges, restrictions and conditions attaching to the shares of each series.

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11. SHARE CAPITAL (CONTINUED)

Issued	Three Months Ended		Year Ended	
	March 31, 2009		December 31, 2008	
	Number of	Amount	Number of	Amount
	Shares	\$	Shares	\$
Common shares, beginning of year	21,226,834	3,219,928	8,082,833	1,504,643
Issued to purchase Gotham (Note 6)	-	-	7,866,224	865,285
Issued to purchase AT Energy (Note 6)	-	-	2,500,000	350,000
Issued in private placement of flow-through shares	-	-	2,777,777	500,000
Common shares, end of year	21,226,834	3,219,928	21,226,834	3,219,928

In December 2008, the Corporation issued 2,777,777 flow-through shares for gross proceeds of \$500,000, for which an officer and director subscribed for the entire offering. The Corporation is eligible to allocate Canadian Development Expense as Canadian Exploration Expense to meet this commitment. The Corporation incurred \$280,000 of eligible expenses in 2009 and will renounce that amount to the investor effective December 31, 2009. The Corporation has a commitment to incur eligible expenditures for the remaining \$220,000 in 2010 and renounce those expenditures to the investor effective December 31, 2010.

Stock option plan

The Corporation has established a Stock Option Plan ("Plan") for directors, officers, employees and consultants. The maximum number of common shares which may be reserved under the Plan may not exceed 10% of the outstanding common shares at that time. Options granted under the plan generally have a term of five years and vest on the date of grant. The exercise price of each option equals or exceeds the market price of the Corporation's common shares on the date of grant. A summary of the Plan is as follows:

	Three Months Ended		Year Ended	
	March 31, 2009		December 31, 2008	
	Number of	Weighted	Number of	Weighted
	Options	Average	Options	Average
		Price \$		Price \$
Options, beginning of period	1,702,000	0.14	756,000	0.23
Granted	-	-	1,518,000	0.11
Expired	(250,000)	0.17	(572,000)	0.17
Options, end of period	1,452,000	0.14	1,702,000	0.14

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Expiry date	Exercise Price	Outstanding and Exercisable	Weighted Average Remaining Life (Years)
June 28, 2010	\$0.20	400,000	0.75
August 11, 2011	\$0.30	42,000	1.88
March 14, 2013	\$0.11	260,000	3.54
July 23, 2013	\$0.14	150,000	3.81
December 17, 2013	\$0.10	600,000	4.21

The estimated fair value of options granted during the three months ended March 31, 2009 was \$nil (December 31, 2008 - \$81,586), and was determined using the following assumptions:

	2009	2008
Risk free interest rate (%)	n/a	3.36%
Expected volatility (%)	n/a	59%
Expected life (in years)	n/a	5 years
Expected dividends	n/a	-

Escrowed shares

Pursuant to escrow agreements related to the Corporation's initial public offering and the Gotham transaction (see Note 6), shares of certain parties were deposited with the Olympia Trust Company to be held in escrow. These shares will be released in accordance with the requirements of the TSX Venture Exchange.

At March 31, 2009 the Corporation had 959,621 (December 31, 2008 - 1,517,984) shares remaining in escrow, all of which will be released on August 11, 2009. During the three month period ended March 31, 2009, 558,363 shares (December 31, 2008 - 1,611,196) were released from escrow.

12. PER SHARE AMOUNTS

The weighted average number of shares used in calculating the basic net loss per share for the three month period ended March 31, 2009 was 21,226,834 (2008 - 9,552,347). Diluted per share information is not presented as the result would decrease the loss per share.

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13. CONTRIBUTED SURPLUS

Changes to contributed surplus are summarized as follows:

	Plan Options	Agent's Options	Total
Contributed Surplus, at December 31, 2007	93,076	33,083	126,159
Stock-based compensation in year ended December 31, 2008	81,586	-	81,586
Contributed Surplus, at December 31, 2008	174,662	33,083	207,745
Stock-based compensation in period ended March 31, 2009	-	-	-
Contributed Surplus, at March 31, 2009	174,662	33,083	207,745

14. FINANCIAL RISK MANAGEMENT

a. Overview

The Corporation has exposure to **credit risk, liquidity risk and market risk**. The board of directors of the Corporation has overall responsibility for the establishment and oversight of the Corporation's risk management framework.

b. Credit risk

Credit risk is the risk of financial loss to the Corporation if counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Corporation's receivables. The carrying amount of financial assets represents the maximum credit exposure.

The Corporation is subject to credit risk on its receivables. The Corporation has assessed the risk of not collecting as low, since its customers are large integrated oil companies with long track records. During the three month period ended March 31, 2009 and year ended December 31, 2008, approximately 99% of sales were made to single large integrated oil company.

c. Liquidity risk

Liquidity risk is the risk that the Corporation will not be able to meet its financial obligations as they fall due. The Corporation's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under normal and stressed conditions, without incurring unacceptable losses. Refer to note 8 which describes the transactions in the subsequent periods which reduced debt.

The Corporation manages its liquidity risk by continuously monitoring forecasted cash flows, assessing prospects for raising additional equity, and utilizing the line of credit.

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14. FINANCIAL RISK MANAGEMENT (CONTINUED)

d. Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Corporation's income or value of its financial instruments. The Corporation invests solely in Canadian dollars and therefore is not exposed to currency risk except for minor expenditures incurred of approximately \$15,000 for the year ended December 31, 2008 to close down the Corporation's Colombian branch office.

The Corporation is subject to interest rate fluctuations as it does have a line of credit balance at March 31, 2009 of \$658,040. A 1% increase (decrease) in the bank's prime rate would result in an increase (decrease) of net income of \$6,580 (assuming \$658,040 was owing for the entire year). The Corporation is not subject to interest rate fluctuations on the note payable as it has a fixed interest rate.

e. Fair value of financial instruments

The Corporation has determined the fair values of its financial instruments which consist of cash and cash equivalents, accounts receivable, line of credit and cheques issued in excess of cash, and accounts payable and accrued liabilities, approximate carrying amounts because of the short-term nature of these instruments, with the exception of the note payable which is classified as other liabilities, initially measured at fair value with subsequent periodic revaluations recorded at their amortized cost using the effective interest rate method.

f. Commodity price risk management

The Corporation does not have any contracts in place to protect against commodity price changes.

15. RELATED PARTY TRANSACTIONS

During the three months ended March 31, 2009, the Corporation incurred costs of \$21,411 (2008 - \$70,353) for legal services from a legal firm in which a director of the Corporation is an associate. These costs were included in general and administrative expenses and / or capitalized in property, plant and equipment, as appropriate. In addition, the Corporation incurred costs of \$19,455 (2008 - \$6,490) for accounting services for the three months ended March 31, 2009, provided by a company that is controlled by an officer of the Corporation and \$30,000 (2008 - \$nil) for consulting services related to the role of president of the Corporation for the three months ended March 31, 2009 provided by a company controlled by an officer of the Corporation. These costs were included in general and administrative expenses. As at March 31, 2009, \$33,009 (2008 - \$34,141) of these amounts was included in accounts payable and accrued liabilities.

All related party transactions were in the normal course of operations and have been valued at the exchange amount that is the amount of consideration established and agreed to by the related parties.

During the three months ended March 31, 2009, the Corporation did not sell or purchase oil from a corporation that is controlled by a director of the Corporation. However, as at March 31, 2009, there was \$97,082 (December 31, 2008 - \$97,082) owing from this corporation to the Corporation, included in accounts receivables, related to items in the normal course of operations, from periods prior to March 31, 2009

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Notes to Financial Statements

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16. CAPITAL MANAGEMENT

The Corporation's objective is to maintain access to sources of capital with which to finance its operations. The Corporation maintains a capital structure of equity, line of credit, and a note payable.

The Corporation manages its capital structure and makes changes to it in light of changes in economic conditions and the risk characteristics of the underlying investments. The Corporation will balance its overall capital structure through new share issues, new borrowings or repayments of the line of credit, repayment of the note payable or by undertaking other activities as deemed appropriate in the specific circumstances.

Refer to note 8 which describes the transactions in the current period and subsequent which reduced debt

17. SUPPLEMENTAL CASH FLOW INFORMATION

	March 31 2009 \$	December 31 2008 \$
Cash and cash equivalents are comprised of:		
Balances with banks	18,655	82,432
Cheques issued in excess of cash	(74,082)	(212,554)
	(55,427)	(130,122)
Interest paid	53,939	146,612
Taxes paid	-	-

	Three Months Ended March 31	
	2009	2008
Changes in Non-Cash Working Capital		
	\$	\$
Accounts receivable	(182,603)	(30,599)
Prepaid expenses and deposits	4,554	(14,866)
Accounts payable and accrued liabilities	(78,903)	25,594
Changes in non-cash working capital relating to:	(256,952)	(19,871)
Operating activities	(256,952)	(19,871)
Financing activities	-	-
Investing activities	-	-
Interest paid	53,939	10,159
Interest received	-	4,156

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18. SUBSEQUENT EVENTS

In May 2009 a producing oil property in Saskatchewan was sold for proceeds of \$2.7 million. The proceeds consisted of cash of \$1.2 million and the assumption of notes payable of \$1.5 million, resulting in a gain on disposal of \$0.4 million.

In July 2009 the remaining note payable was settled by issuing 5,680,000 common shares pursuant to a debt settlement agreement. The fair value of the common shares was \$198,800, based on the trading value of the Corporation's common shares on the settlement agreement date. The Corporation recorded \$85,200 as a gain on this debt settlement.

In the three months ended September 30, 2009, the Corporation made three acquisitions of oil properties from arm's length vendors for cash consideration totaling \$0.5 million. All properties are located in the Lloydminster area of eastern Alberta.

In December 2009, the Corporation issued 3,352,940 units at a price of \$0.085 per Unit pursuant to a private placement for gross proceeds of \$285,000. Each unit was comprised of one common share issued on a flow through basis under applicable tax law, and one common share purchase warrant, each warrant exercisable into one common share. Each of the 3,352,940 warrants has a term of 12 months from the date of issuance at an exercise price of \$0.15 per share.

In January 2010 the Corporation issued 1,877,500 common shares at a price of \$0.08 per share in a private placement, for gross proceeds of \$150,200. Insiders of the Corporation subscribed to 62,500 of the 1,877,500 common shares. No finders' fee was paid in connection with the private placement. In accordance with TSX Venture Exchange policies and applicable securities laws, all securities issued under this private placement are subject to a four month hold period which expires May 12, 2010.