

**Saha Petroleum Enters  
Letter Agreement to Acquire 35 bbls/d of Heavy Oil Production**

**For Immediate Release**

**August 20, 2008**

**Calgary, Alberta** – ("Saha" or the "Corporation") (TSXV: SPZ) reports that it has entered into a non-binding letter agreement for the arm's length acquisition of all the issued and outstanding shares of a privately held oil and gas company with heavy oil production of approximately 35 bbls/d on assets located adjacent to Saha's Maidstone interests located near Lloydminster, Saskatchewan.

The purchase price for the all of the shares of the private company is subject to negotiation between the parties, but is anticipated to be comprised of 50% equity and 50% cash. The proposed acquisition is subject to reasonable conditions that are normally made in connection with such transactions, including the negotiation of the final purchase price, entering into a formal share purchase agreement, completion of due diligence, the approval of the respective Board of Directors and applicable regulatory approvals. Subject to the foregoing, closing of the acquisition is anticipated to occur on or about October 1, 2008.

Saha also reports that further to its previous press releases, the two wells proposed to be spudded in the Maidstone area of western Saskatchewan during the month of July 2008, have been unexpectedly delayed pending resolution of Saha's down-spacing application with Saskatchewan Industry and Resources. Such approval is anticipated to be received in October 2008. At that time Saha will re-access its available drilling opportunities and will determine if these down-spacing wells should be drilled first.

**About Saha Petroleum Ltd.**

Saha is a junior oil & gas company with heavy oil production from exploration and production assets located in the province of Saskatchewan.

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*The TSX Venture Exchange has not reviewed and does not accept responsibility for the adequacy and accuracy of this release.*

This press release contains certain forward-looking statements within the meaning of applicable securities law. Forward-looking statements are frequently characterized by words such as "plan", "expect", "project", "intend", "believe", "anticipate", "estimate" and other similar words, or statements that certain events or conditions "may" or "will" occur. Forward-looking statements are based on the opinions and estimates of management at the date the statements are made and are subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ materially from those projected in the forward-looking statements. The Corporation cannot assure that actual results will be consistent with these forward looking statements. They are made as of the date hereof and are subject to change and the Corporation assumes no obligation to revise or update them to reflect new circumstances, except as required by law. Prospective investors should not place undue reliance on forward looking statements. These factors include the inherent risks involved in the exploration for and development of crude oil and natural gas properties, the uncertainties involved in interpreting drilling results and other geological and geophysical data, fluctuating energy prices, the possibility of cost overruns or unanticipated costs or delays and other uncertainties associated with the oil and gas industry. Other risk factors could include risks associated with negotiating with foreign governments as well as country risk associated with conducting international activities, and other factors, many of which are beyond the control of the Corporation.