SAHARA ENERGY LTD.

Management's Discussion and Analysis
For the three months ended March 31, 2015

*The following management discussion and analysis ("MD&A") of SAHARA ENERGY LTD. (the "Company" or "Sahara") for the three months ended March 31, 2015 contains financial highlights but does not contain the complete financial statements of the Company. It should be read in conjunction with the Company's March 31, 2015 unaudited condensed interim financial statements and the December 31, 2014 audited financial statements and related notes thereto. Additional information is available on SEDAR at www.sedar.com. The financial information presented herein has been prepared on the basis of International Financial Reporting Standards ("IFRS"). All references to dollar amounts are in Canadian dollars. This MD&A includes events up to **May 29, 2015**.*

Forward-Looking Statements

The matters discussed in this MD&A include certain forward-looking statements. Forward-looking statements include, without limitation, any statement that may predict, forecast, indicate or imply future results, performance or achievements. Forward-looking statements may be identified, without limitation, by the use of such words as "anticipates", "estimates", "expects", "intends", "plans", "predicts", "projects", "believes", or words or phrases of similar meaning. In addition, any statement that may be made concerning future performance, strategies or prospects and possible future corporate action, is also a forward-looking statement. Forward-looking statements are based on current expectations and projections about future general economic, political and relevant market factors, such as interest rates, foreign exchange rates, equity and capital markets, and the general business environment, in each case assuming no changes to applicable tax or other laws or government regulation. Expectations and projections about future events are inherently subject to, among other things, risks and uncertainties, some of which may be unforeseeable. Accordingly, assumptions concerning future economic and other factors may prove to be incorrect at a future date. Forward-looking statements are not guarantees of future performance, and actual events could differ materially from those expressed or implied in any forward-looking statements made by the Company. Any number of important factors could contribute to these digressions, including, but not limited to, general economic, political and market factors in North America and internationally, interest and foreign exchange rates, global equity and capital markets, business competition, technological change, changes in government relations, unexpected judicial or regulatory proceedings and catastrophic events. We stress that the above-mentioned list of important factors is not exhaustive. We encourage you to consider these and other factors carefully before making any investment decisions and we urge you to avoid placing undue reliance on forward-looking statements. The Company disclaims any intention or obligation to update or revise these forward-looking statements as a result of new information, future events or otherwise, except as required under applicable securities laws.

BASIS OF PRESENTATION

Certain financial measures referred to in this discussion, such as funds from (used by) operations and funds from (used by) operations per share, are not prescribed by IFRS. Funds from (used by) operations is a key measure used by management that demonstrates the ability to generate cash to fund capital expenditures. Funds from (used by) operations is calculated by taking the cash flow from (used by) operating activities as presented in the statement of cash flows and adding back the change in non-cash working capital. Funds from (used by) operations per share is calculated using the same methodology for determining net income per share. These non-IFRS financial measures may not be comparable to similar measures presented by other companies. These financial measures are not intended to represent operating profits for the period nor should they be viewed as an alternative to cash flow from (used by) operating activities, net income or other measures of financial performance calculated in accordance with IFRS.

The reconciliation between funds from (used by) operations and cash flow from (used by) operating activities for the three months ended March 31, 2015 and 2014 is presented in the table below:

		Three months ended March 31 2015		2014
Cash flow used by operating activities	$	(476,830)	$	(178,956)
Change in non-cash working capital		239,106		(29,712)
Funds used by operations	$	(237,724)	$	(208,668)
Weighted average number of shares outstanding - Basic		289,684,072		89,684,072
Funds used by operations per share	$	(0.00)	$	(0.00)

Management uses certain industry benchmarks such as field netback to analyze financial and operating performance. Field netback has been calculated by taking petroleum and natural gas sales revenue less royalties and production and operating expenses. This benchmark does not have a standardized meaning prescribed by IFRS and may not be comparable to similar measures presented by other companies. Management considers field netback as an important measure to demonstrate profitability relative to commodity prices.

All barrels of oil equivalent (boe) conversions in this report are derived by converting natural gas to oil at the ratio of six thousand cubic feet (mcf) of natural gas to one barrel (bbl) of oil. Certain financial values are presented on a boe basis and such measurements may not be consistent with those used by other companies. Boe may be misleading, particularly if used in isolation. A boe conversion of six mcf to one boe is based on an energy equivalency conversion method primarily applicable at the burner tip and does not necessarily represent a value equivalency at the wellhead.

CORPORATE OVERVIEW AND PRINCIPAL BUSINESS RISKS

Sahara Energy Ltd. was incorporated under the Business Corporations Act (Alberta) and is listed on the TSX Venture Exchange ("the Exchange"), under the symbol 'SAH'. The Company is a junior resource exploration company engaged in the acquisition, exploration and development of natural resource properties (primarily oil and gas). The Company's business is presently focused on the exploration and evaluation of various oil and gas properties in Saskatchewan and Alberta.

As at March 31, 2015, JF Investment (Hong Kong) Co., Limited (the "Investor") owned and controlled 69% of the Company's issued and outstanding shares.

OUTLOOK

During 2014, the Company commenced the drilling of two heavy oil development wells in the Bodo area of central Alberta and acquired 384 hectares of undeveloped land in Alberta. Sahara intends to drill up to nine further wells, complete nine perforation wells to increase the production of Sahara's existing wells on Sahara's existing oil and gas concessions and acquire new lands for exploration and drilling.

The Company will proceed with its exploration and development plans once crude oil prices recover to a level to make such activities profitable.

OVERVIEW AND SIGNIFICANT EVENTS

During the three months ended March 31, 2015, the Company earned net revenues of $10,233 and incurred a net loss of $258,315. The Company incurred $70,741 of capital expenditures during the first quarter of 2015. There were no dispositions.

As at December 31, 2014, the Company reported a cash and cash equivalents balance of $12,835,964 (December 31, 2014 – $9,019,033), short-term deposits of $nil (December 31, 2014 – $5,025,068) and a working capital surplus of $12,812,860 (December 31, 2014 – $13,121,325).

Summary Information	As at March 31 2015	As at December 31 2014	As at December 31 2013
Working capital	$ 12,812,860	$ 13,121,325	$ 238,543
Exploration and evaluation assets	180,922	180,922	41,287
Property, plant and equipment	4,133,183	4,056,568	2,740,269
Total assets	17,654,828	18,727,491	3,448,220
Total liabilities	1,407,746	2,223,409	1,195,011
Total shareholders' equity	16,247,082	16,504,082	2,253,209

	Three months ended March 31 2015	2014
Net revenue	$ 11,074	$ 110,807
Net loss and comprehensive loss	(258,315)	(246,122)
Net loss per share	(0.00)	(0.00)

NEW DRILLING: HEAVY OIL – BODO, ALBERTA

During the first quarter of 2015, the Company continued drilling two heavy oil wells in the Bodo area of central Alberta. Equipping and tie-in activities will commence when it makes economic sense based on crude oil prices.

OPERATIONAL ACTIVITIES

Field netback

Per boe	Three months ended March 31 2015	2014
Revenue	$ 40.38	$ 66.95
Royalties	(3.07)	(6.15)
Production and operating expenses	(103.35)	(64.62)
Field netback	$ (66.04)	$ (3.82)

The decline in the Company's field netback is due to shut-in heavy oil production and reduced light-medium oil production combined with higher operating costs.

Variances in the Company's field netbacks are explained in more detail by changes in the following components:

(a) Production volumes and revenues

	Three months ended March 31 2015		Three months ended March 31 2014	
Production				
Oil (bbls)		274		1,823
Oil (bbls/d)		3		20
Composition of production				
Light-medium oil		100%		16%
Heavy oil		–		84%
Revenue, before royalty				
Oil	$	11,074	$	122,019
Oil ($/bbl)	$	40.38	$	69.85

The drop in total oil production in the three months ended March 31, 2015 compared to the 2014 period is due to the shut-in of heavy oil production due to low oil prices and natural declines in light-medium oil production.

The combined average price of oil earned by the Company in the three months ended March 31, 2015 is lower than the 2014 comparative period due to the decrease in industry prices.

The following table provides benchmark industry pricing for the comparative periods:

Benchmark oil prices	Three months ended March 31 2015		Three months ended March 31 2014	
Cdn Light Sweet ($/bbl)	$	53.28	$	99.76
Cdn Heavy Hardisty ($/bbl)	$	38.78	$	78.31

(b) Royalties

	Three months ended March 31 2015		Three months ended March 31 2014	
Royalties	$	841	$	11,212
As a % of oil and natural gas revenue		7.6%		9.2%
Per boe (6:1)	$	3.07	$	6.15

Royalties as a percentage of revenue are lower in the 2015 period due to the lack of heavy oil royalties which are at a higher rate than light-medium oil royalties.

(c) Production and operating expenses

	Three months ended March 31 2015		Three months ended March 31 2014	
Production and operating expenses	$	28,343	$	117,768
Per boe (6:1)	$	103.35	$	64.62

Operating costs per boe are higher in the 2015 period due primarily to the effect of allocating fixed costs over lower production volumes.

General and administrative expenses

	Three months ended March 31 2015	2014
Salaries, benefits and director fees	$ 119,685	$ 104,269
Office and general	63,525	45,271
Consulting and professional fees	42,387	37,951
Travel and business promotion	22,417	6,752
Shareholder and regulatory	3,222	7,620
Total	$ 251,236	$ 201,863

Salaries, benefits and director fees are higher for the three months ended March 31, 2015 compared to the 2014 period due to new employees hired in the latter part of 2014.

Office and general expenses are higher in the three months ended March 31, 2015 compared to the 2014 period due mainly to an increase in office rent following the move to new office premises in the February 2015.

Consulting and professional fees are higher in the three months ended March 31, 2015 compared to the 2014 period due to additional audit fees incurred to satisfy the requirements of the Investor.

Travel and business promotion fees are higher in the three months ended March 31, 2015 compared to the 2014 periods due to costs travel between Canada and China for Investor meetings and additional audit requirements.

Shareholder and regulatory expenses are lower in the three months ended March 31, 2015 due to a reduction in activity.

Depletion and depreciation

	Three months ended March 31 2015	2014
Depletion and depreciation	$ 16,256	$ 30,629
Per boe (6:1)	$ 59.27	$ 16.81

Depletion and depreciation expense per boe is higher in the three months ended March 31, 2015 due primarily to the impact of depreciation on field vehicles acquired in the last half of 2014 over lower 2015 production volumes.

The depletion rate for the three months ended March 31, 2015 was $12.71 per boe compared to $16.25 per boe for the three months ended March 31, 2014. The decrease in the depletion rate is due to an increase in the depletable base associated with drilling activity in the fourth quarter of 2014.

Share-based compensation

Share-based compensation measures the implicit cost of compensating key personnel through the issuance of stock options. During the three months ended March 31, 2015, the Company recognized $1,315 of share-based compensation expense (three months ended March 31, 2014 – $3,630).

Capital Expenditures

		Three months ended March 31 2015		2014
Office equipment	$	6,183	$	–
Land and lease rentals		412		696
Well equipment		6,692		–
Drilling and completion		57,454		–
		70,741		696
Exploration and evaluation assets		–		–
Total capital expenditures	$	70,741	$	696

During the three months ended March 31, 2015, the Company continued drilling and completion activities on two wells in the Bodo area of central Alberta prior to halting activities due to low oil prices.

Office equipment expenditures incurred during the three months ended March 31, 2015, are primarily comprised office furniture and computer purchases.

LIQUIDITY AND CAPITAL RESOURCES

As at March 31, 2015, the Company had a working capital surplus of $12.8 million compared to $13.1 million at December 31, 2014. The increase in working capital is due to $237,724 of funds used by operations and $70,741 of capital expenditures.

The Company's March 31, 2015 working capital surplus includes $12.8 million of cash and cash equivalents, ensuring that the Company has sufficient cash resources to meet its financial obligations, comprised of trade and other payables of $527,863, on standard payment terms.

SUBSEQUENT EVENTS

There were no reportable events subsequent to March 31, 2015.

SHARE CAPITAL

Common shares

As at March 31, 2015, December 31, 2014 and the date of this MD&A, the Company had 289,684,072 common shares outstanding.

Stock options

As at March 31, 2015, December 31, 2014 and the date of this MD&A the Company had 2,400,000 stock options outstanding, all of which are exercisable at a weighted average exercise price of $0.10 per share.

QUARTERLY SUMMARY

Below is a summary of the Company's financial results for the past eight quarters prepared in accordance with IFRS. This information should be read in conjunction with the unaudited quarterly and audited annual financial statements of the Company available at www.sedar.com.

	1st Quarter 2015	4th Quarter 2014	3rd Quarter 2014	2nd Quarter 2014
Net Revenue	$ 11,074	$ 63,281	$ 84,963	$ 103,834
Net Loss	(258,315)	(528,853)	(210,658)	(266,788)
Loss per share				
Basic and fully diluted	(0.001)	(0.002)	(0.001)	(0.003)
Weighted Average Number of Shares In Thousands	289,684	289,684	176,641	89,684

	1st Quarter 2014	4th Quarter 2013	3rd Quarter 2013	2nd Quarter 2013
Net Revenue	$ 110,807	$ 77,748	$ 152,936	$ 108,297
Net Loss	(246,122)	(318,248)	(182,446)	(182,397)
Loss per share				
Basic and fully diluted	(0.003)	(0.004)	(0.002)	(0.002)
Weighted Average Number of Shares In Thousands	89,684	89,684	89,684	89,684

- The decrease in net revenue for the 1st Quarter of 2015 is due to a decrease in production following the shut-in of the Company's wells due to low oil prices. The decrease in net loss compared to the previous quarter is due to a decrease in expenses, particularly operating expenses and depletion due to reduced production.
- The decrease in net revenue for the 4th Quarter of 2014 is due to a decrease in production and commodity prices. The increase in the net loss compared to previous 2014 quarters is due to an increase in general and administrative expenses and depletion expense.
- The decrease in net revenue for the 3rd Quarter of 2014 is due to a decrease in production. The decrease in net loss compared to previous 2014 quarters is due to a decrease in general and administrative expenses.
- The increase in net revenue for the 2nd Quarter of 2014 is due to an increase in oil prices combined with a decrease in royalty rates. The increase in the net loss compared to the previous quarter is due to an increase in general and administrative expenses offset by the increase in net revenue and a decrease in production and operating costs.
- The increase in net revenue for the 1st Quarter of 2014 is due to an increase in production and oil prices compared to the 4th Quarter of 2013. The decrease in net loss compared to the previous quarter is due to an increase in net revenue and a decrease in general and administrative expenses.
- The decrease in net revenue for the 4th Quarter of 2013 is due to a decrease in both production and oil prices compared to the 3rd Quarter. The increase in net loss is due to the decrease in net revenue combined with increases in operating costs and general and administrative expenses.
- The increase in net revenue for the 3rd Quarter of 2013 is due to an increase in both production and

oil prices over the previous quarter. The decrease in the net loss is due to the increase in net revenue.

- The increase in net loss for the 2nd Quarter 2013 is due to a decrease in net revenue combined with a decrease in general and administrative expenses and share-based payments expense. The decrease in net revenue is due primarily to a decrease in production.

CONTROLS AND PROCEDURES

As the Company is classified as a Venture Issuer under applicable securities legislation, it is required to file basic Chief Executive Officer and Chief Financial Officer Certifications, which it has done for the three months ended March 31, 2015. The Company makes no assessment relating to establishment and maintenance of disclosure controls and procedures as defined under National Instrument 52-109 as at March 31, 2015.

BUSINESS RISKS

The Company is engaged in the exploration and development of crude oil. The Company's business is inherently risky and there is no assurance that hydrocarbon reserves will be discovered and economically produced.

Environment

All phases of the oil business present environmental risks and hazards and are subject to environmental regulation pursuant to a complex blend of federal, provincial, and municipal laws and regulations. Although the Company believes that it is in material compliance with current applicable environmental regulations, no assurance can be given that environmental laws will not result in a curtailment of production or materially increase the costs of production, development, and exploration activities or otherwise adversely affect the Company's financial condition, results from operations and or prospects.

Operational

Operational risks include competitive environmental factors, reservoir performance uncertainties and dependence upon third parties for commodity transportation and processing and a complex regulatory environment. The Company closely follows the applicable government regulations. The Company carries insurance coverage to protect itself against those potential losses that could be economically insured against.

Financial

Financial risks associated with the petroleum industry include fluctuation in commodity prices, interest rates, and currency exchange rates. Other financial risks include, but are not limited to, the availability of funds through equity markets and or debt to invest in capital projects to support the Company's growth.

- Commodity price risk – Due to the volatility of commodity prices, the Company is exposed to adverse consequences in the event of declining prices. The Company does not have any contracts in place to protect against commodity price changes.
- Interest rate risk – The Company does not have any debt subject to floating rates and is therefore not exposed to fluctuations in the market rate of interest.
- Foreign currency exchange risk – The Company is exposed to foreign currency fluctuations as crude oil to be received are referenced in United States dollar denominated prices.

It is management's opinion that the Company is not currently exposed to commodity price risk, credit risk or interest rate risk except as described above. The Company does not use derivative instruments to reduce exposure to commodity price or foreign currency exchange risk.

FINANCIAL INSTRUMENTS

The Company's financial instruments consist of cash and cash equivalents, term deposits, trade and other receivables, deposits and trade and other payables. Management has utilized valuation methodologies available as at the period end and has determined that the carrying amounts of such financial instruments approximate their fair value in all cases due to the short-term maturity of these instruments.

USE OF JUDGMENTS AND ESTIMATES IN FINANCIAL STATEMENTS

The preparation of consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ materially from estimated amounts. Estimates and their underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimates are revised and for any future years affected.

Detailed disclosures on the Company's use of critical judgments in applying accounting policies and key sources of estimation uncertainty can be found in Note 2(d) to the Company's December 31, 2014 audited financial statements as well as the Company's December 31, 2014 MD&A.