

For Immediate Release  
Calgary, Alberta

Tuesday, January 10, 2006  
TSXV: "SAH"

**10,616,000 Common Shares Issued and Outstanding**

## **SAHARA ENERGY ANNOUNCES INCREASE AND REPRICING OF DEBENTURE FINANCING**

**CALGARY, ALBERTA** – January 10, 2006. Sahara Energy Ltd. ("Sahara" or the "Company") is pleased to announce that it has increased its previously announced private placement (the "Private Placement") of up to \$900,000 of fixed rate convertible Debentures (the "Debentures") at \$1,000 per Debenture to gross proceeds of up to \$1,035,000 of Debentures. The minimum subscription for the Debentures is \$5,000 with increased increments of \$1,000. The conversion price of the Debentures has also been amended from the Company's previous press release. The Debentures and are now convertible into a Unit comprised of Common Shares (the "Common Shares") at a price of \$0.57 per common share and Common Share Purchase Warrants (the "Warrants") on the basis of one Warrant for each common share issued. Each Warrant is exercisable into one Common Share at a price of \$0.57 until December 31, 2007. The Debentures are convertible, in whole or in part, at any time prior to December 31, 2007 at the option of the holder. The net proceeds of the Offering will be used for development, tie-in and completion of the Company's oil and gas properties.

The closing of the Private Placement is expected to take place on or about January 18, 2006 and it is expected that over 50% of the Private Placement will be purchased by insiders of the Company. All securities issued pursuant to the Private Placement will be subject to a four month hold period pursuant to applicable securities legislation.

Sahara Energy is a newly formed junior oil and gas company focused on the acquisition, exploration, exploitation and development of oil and natural gas in western Canada.

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***ADVISORY: Certain information regarding Sahara Energy Ltd. including management's assessment of future plans and operations, may constitute forward-looking statements under applicable securities laws and necessarily involve risks associated with oil and gas exploration, production, marketing and transportation such as loss of market, volatility of prices, currency fluctuations, imprecision of reserve estimates, environment risks, competition from other producers and ability to assess sufficient capital from internal and external source. As a consequence, actual results may differ materially from those anticipated in the forward-looking statements.***

The TSX Venture Exchange does not accept responsibility for the adequacy or accuracy of this release.