

For Immediate Release  
Calgary, Alberta

Wednesday, January 4, 2006  
TSXV: new trading symbol "SAH"  
10,616,000 Common Shares Issued and Outstanding

## SAHARA ENERGY ANNOUNCES DEBENTURE FINANCING

**CALGARY, ALBERTA** – January 4, 2006. Sahara Energy Ltd. ("Sahara" or the "Company") is pleased to announce that it is proceeding with a non-brokered private placement (the "Private Placement") of up to \$900,000 of fixed rate convertible Debentures (the "Debentures") at \$1,000 per Debenture. The minimum subscription for the Debentures is \$5,000 with increased increments of \$1,000. The Debentures shall be convertible into a Unit comprised of Common Shares (the "Common Shares") and Common Share Purchase Warrants (the "Warrants") on the basis of \$0.45 per Common Share together with one Warrant for each Common Share issued. Each Warrant shall be convertible into one Common Share of the Company at a price of \$0.55 for two years from the date of closing of the Private Placement. The Debentures are convertible, in whole or in part, at any time prior to December 31, 2008 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 17, 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.

For further information please contact:

**Peter Boswell**

President and CEO of Sahara Energy Ltd.  
1440, 700 – 4<sup>th</sup> Avenue S.W.  
Calgary, Alberta T2P 3J4  
(403) 232-1359 or by email at  
[pete@saharaenergy.ca](mailto:pete@saharaenergy.ca)

***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.