

For Immediate Release  
Calgary, Alberta

Wednesday, February 1, 2006  
TSXV: "SAH"

**10,866,000 Common Shares Issued and Outstanding**

## **SAHARA ENERGY ANNOUNCES CLOSING OF DEBENTURE FINANCING**

CALGARY, ALBERTA, Wednesday, February 1, 2006 – Sahara Energy Ltd. ("Sahara" or the "Company") is pleased to announce the closing of its previously announced private placement of fixed rate convertible debentures (the "Financing") for aggregate gross proceeds of \$1,035,000. Pursuant to the Financing, Sahara issued 1,035 Convertible Debentures at a price of \$1,000 per debenture. The Debentures are convertible into a Unit at a price of \$0.57 per Unit. Each Unit is comprised of one Common Share and one Common Share Purchase Warrant. Each Warrant is exercisable into one Common Share at a price of \$0.57 until December 31, 2007.

The net proceeds of the Offering will be used for development, tie-in and completion of the Company's oil and gas properties in western Canada. All securities issued pursuant to the Financing will be subject to a four-month hold period pursuant to applicable securities legislation. Over 50% of the financing was completed by insiders, consultants and new employees of the Company.

The Company also announces that the Board of Directors of the Company granted an aggregate of 300,000 stock options to officers, employees and consultants of the Company at an exercise price of \$1.00 per share on January 20, 2006. The options are for a term of five years with standard vesting provisions.

Sahara Energy is a newly formed junior oil and gas company focused on the acquisition, exploration 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.