

SAHARA ENERGY LTD.
(TSX Venture Exchange: SAH)

First Closing of Private Placement and Change of Directors

Calgary, Alberta (December 6, 2010) – Sahara Energy Ltd. (the “**Corporation**”) announces that, further to its press releases dated June 8, 2010 and August 27, 2010, and its proposal dated June 4, 2010 pursuant to the *Bankruptcy and Insolvency Act* (Canada) (the “**Proposal**”), the Corporation has undertaken steps to complete its debt restructuring and reorganization through the consolidation of its shares, closed the first tranche of its private placement (subject to regulatory approval) announced on June 8, 2010 (the “**Private Placement**”), and has undertaken a change in its directors.

Share Consolidation

The Corporation is pleased to announce that, as approved by the shareholders on September 3, 2010, the Corporation has filed Articles of Amendment to consolidate its Common Shares (the “**Share Consolidation**”) on a one (1) for six (6) basis, resulting in 6,339,384 Common Shares being issued and outstanding following the Share Consolidation, but prior to the closing of the Private Placement.

Private Placement

The Corporation announces that pursuant to its first closing of the proposed Private Placement, it has issued 48,000,000 common shares (on a post-consolidation basis) of the Corporation (the “**Common Shares**”) at a price of \$0.05 per share, for gross proceeds to the Corporation of \$2,400,000. China Great United Petroleum Investment Co. Limited (“**Great United**”), of Wanchai, Hong Kong, subscribed for and was issued 48,000,000 Common Shares, and, accordingly, has become an Insider and a “Control Person” (as such term is defined in the policies of the TSX Venture Exchange) of the Corporation. Great United is controlled by Longhua Xie of Beijing, China. A finder’s fee of 5,000,000 warrants (the “**Finder Warrants**”) were issued to Elite Value Investments Ltd., an arm’s length party, in connection with the first closing of the Private Placement. The Finder Warrants are exercisable until November 29, 2011 at an exercise price of \$0.05 per Finder Warrant. For acting as financial advisors to the Corporation, Salman Partners Inc. and Qwest Investment Management Corp. were each paid a cash fee of \$125,000 and were each issued warrants entitling each holder to acquire 2,500,000 Common Shares of the Corporation at an exercise price of \$0.05 per share until November 29, 2011.

The Corporation anticipates closing on the balance of the proposed Private Placement in the amount of up to 10,000,000 Common Shares at a price of \$0.05 per share for total proceeds of up to \$500,000 by the end of this week.

Change of Directors

The Corporation is pleased to announce the appointment of Longhua Xie and Yuedong Zhou (subject to regulatory approval) as directors of the Corporation. The Corporation also announces the resignation of David Forrest as a director of the Corporation due to other business commitments. The Corporation thanks David for his service and the provision of his oil expertise and wishes him the best of success in his future business endeavours.

From April, 2000 to May, 2002, Longhua Xie was President of Changshu District 7 Clothing Office, a commercial real estate investment and development company in Jiangsu Province, China. From December, 2002 to June, 2005, Mr. Xie was Vice-President of Changshu Global Clothing City, a commercial real estate investment and development company in Jiangsu Province, China. Since May, 2005, Mr. Xie has been President of Jiangsu's Spirit Industry Co., Ltd., a commercial real estate investment and development company in Jiangsu Province, China, and Chief Executive Officer of Changshu Jiulong Investment Limited in China. Mr. Xie became the managing director of King World International Holdings Limited, an investment holding company, in January, 2010.

Yuedong Zhou started his career at Southwest Sichuan Company of Petroleum & Gas in Zigong, China in 1977. From January, 1982 to December, 1994, he worked as a professor, director and executive dean at Xichang College, Sichuan Agricultural University and Sichuan University, China. From January, 1995 to January, 2010, Mr. Zhou worked as a visiting professor, research associate and program director at the Missouri Botanical Garden, University of Missouri-St. Louis, Washington University-St. Louis, University of Maryland-College Park, and the University of Minnesota-Twin Cities. He also held administrative positions including director, project manager and program co-ordinator at organizations including Seed Science Society of Sichuan, Invention Society of China, The World Bank and UNDP-China Programs. He has been serving as a senior adviser and representative to the president at Great United Petroleum Holding Co., Ltd since 2005 and joined Great United as a full time executive in February of 2010. He is vice president of the company and president of American Operations.

The Common Shares issued to Great United are subject to a four month hold period ending March 29, 2011.

China Great United Petroleum Investment Co., Limited is a private company registered in Hong Kong, focusing on the investment in global oil & gas sector.

“Neither the TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.”

FOR FURTHER INFORMATION, PLEASE CONTACT:

Peter J. Boswell
President
Sahara Energy Ltd.
Telephone: (403) 232-1359
Fax: (403) 232-1307
E-mail: pete@Saharaenergy.ca