

Sahara Announces Creditor Proposal, Consolidation and Recapitalization

CALGARY, ALBERTA June 8, 2010 – Sahara Energy Ltd. ("**Sahara**" or the "**Company**") (SAH-V) is pleased to announce that it has entered into a Memorandum of Understanding (the "**MOU**") with King World International Holdings Limited ("**King**"). The MOU provides for a proposal to be made and accepted by creditors of Sahara (the "**Creditors Proposal**"), a 6 for 1 consolidation of the common shares (the "**Common Shares**") of Sahara (the "**Share Consolidation**") and an equity private placement of up to 58,000,000 Common Shares on a post-consolidation basis (the "**New Shares**") at a price of \$0.05 per Common Share for gross proceeds to the Company of up to \$2.9 million (the "**Private Placement**"). Pursuant to the MOU King will, subject to certain conditions, subscribe for 48,000,000 of the New Shares to be issued pursuant to the Private Placement, representing \$2.4 million of the potential gross proceeds to the Company. Pursuant to the MOU, King will also advance, subject to certain conditions, an aggregate of \$100,000 in the form of promissory notes secured by a first-ranking priority over the assets of Sahara (the "**Debt Financing**" and, together with the Share Consolidation and the Private Placement, the "**Transactions**").

The MOU will be superseded by a definitive agreement (the "**Definitive Agreement**") in respect of the Transactions, which the parties anticipate will be entered to on or about June 30, 2010.

Debt Financing

Upon granting of an order by the Court of Queen's Bench of Alberta providing that funds advanced by King pursuant to the Debt Financing shall be entitled to a first-ranking priority over all of the assets of the Company, King has agreed to advance to Sahara an initial tranche of \$50,000 (the "**Initial Tranche**").

Upon satisfactory completion of due diligence by King and its advisors on the Company, King has agreed to advance a further and final \$50,000 in connection with the Debt Financing. King's due diligence is to be completed by no later than June 30, 2010.

Share Consolidation

Sahara has undertaken in the MOU to propose the Share Consolidation to the holders of the Common Shares (the "**Sahara Shareholders**") by way of a special meeting to be held on an as yet determined future date (the "**Special Meeting**"). The Share Consolidation, if approved, will result in one (1) New Share being issued for every six (6) Common Shares outstanding immediately prior thereto.

Further details with respect to the Share Consolidation and the Special Meeting will be provided in subsequent press releases of the Company.

Creditors Proposal

Sahara has made the Creditors Proposal to its existing creditors on the following basis:

- Each unsecured creditor of Sahara will receive a cash payment of \$0.15 for each \$1.00 owed by Sahara to such creditor; and
- Each secured creditor will receive a cash payment of \$0.15 plus 17 New Shares for each \$1.00 owed by Sahara to such creditor.

If accepted by the creditors, payment pursuant to the Creditors Proposal will be made within 60 days following the closing of the Private Placement.

Assuming acceptance of the Creditors Proposal, the Company expects to pay approximately \$542,280 and to issue 8,933,390 New Shares in settlement of the claims of its secured and unsecured creditors. As the proving of claims has not been finalized, these numbers may increase or decrease.

Private Placement

The New Shares issued pursuant to the private placement will be restricted from trading for four months following the closing date, and New Shares purchased by King will be subject to any

applicable escrow periods imposed pursuant to the policies of the TSX Venture Exchange ("**TSXV**") or applicable securities laws. Net proceeds of the Private Placement will be used to fund the Creditors Proposal, development drilling and workovers, land and seismic acquisition and for working capital purposes.

Salman Partners Inc. is acting as financial advisor to Sahara in respect of the Transactions, including the Private Placement and will receive a fee payable in cash in the amount of 10% of the gross proceeds raised pursuant to the Private Placement and warrants ("**Brokers Warrants**") entitling the holder to acquire a number of shares equal to 10% of the shares issued pursuant to the Private Placement. The Brokers Warrants will be exercisable for a period of 12 months from the date of closing of the Private Placement at an exercise price of \$0.05 per Broker Warrant.

A finder's fee of 5 million warrants (the "**Finder Warrants**") will, subject to the requisite TSXV approvals, be issued to an arm's length party in connection with the Private Placement. The Finder Warrants are exercisable for a period of 12 months from the date of closing of the Private Placement at an exercise price of \$0.05 per Finder Warrant.

The completion of the Private Placement, and in particular the proposed subscription by King for 48,000,000 of the New Shares, will, if completed, result in the creation of a new "Control Person" (as such term is defined in the policies of the TSXV). The Change of Control will also be subject to the approval of the Sahara Shareholders at the Special Meeting.

Upon completion of the Private Placement, and subject to approval of the TSXV, the board of directors of Sahara will consist of five members, three of whom will be appointed by Sahara which will result in a Change of Management (as such term is defined in the policies of the TSXV). The Change of Management will also be subject to the approval of the Sahara Shareholders at the Special Meeting.

Pro Forma Capitalization

Sahara currently has 38,036,302 Common Shares issued and outstanding. Following the completion of the Share Consolidation and Creditors Proposal and assuming 58 million New Shares are issued pursuant to the Private Placement, Sahara will have approximately 73.3 million New Shares outstanding.

King

King is a private Hong Kong investment holding company focused on developing resource assets including minerals and oil & gas.

Corporate Strategy and Business Plan

Upon completion of the Transactions, Sahara plans to continue to be focused on the accretive acquisition, exploration and development of oil and natural gas assets in western Canada. Initially the Company will focus on workovers and development drilling on its heavy oil assets at Lloydminster, Alberta.

Sahara has a solid asset base of undeveloped land and heavy oil wells exhibiting long life and low decline rates. Sahara holds 2,931 acres of undeveloped land in its core area of Lloydminster, and in Hayter, Bashaw and Sylvan Lake. Sahara has identified three wells requiring low cost workovers which is expected to add 50 bbls/d of heavy crude oil. With seven locations identified, Sahara believes it is poised for immediate growth in production.

Approvals

Completions of the Transactions are subject to a number of conditions, including completion of satisfactory due diligence by King and the entering into of the Definitive Agreement, and approvals, including, but not limited to, the approval of the TSXV, Sahara Shareholders, creditors and relevant Chinese authorities.

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Note Regarding Forward Looking Statements

This document contains forward-looking statements. More particularly, this document contains statements concerning: the receipt of creditor approval of the Creditor Proposal; the completion of the Transactions; the ownership of Sahara; the use of proceeds from the Private Placement; the future strategy and focus for the Company; future acquisitions and development and drilling projects; and undeveloped land, reserves and production of Sahara.

The forward-looking statements are based on certain key expectations and assumptions made by Sahara including expectations and assumptions concerning: timing of receipt of required shareholder, creditor and regulatory approvals and third party consents and the satisfaction of other conditions to the completion of the Transactions; prevailing commodity prices and exchange rates, applicable royalty rates and tax laws; future well production rates; reserve and resource volumes; the performance of existing wells; the success obtained in drilling new wells; the sufficiency of budgeted capital expenditures in carrying out planned activities; and the availability and cost of financing, labour and services; and future operating costs.

Although Sahara believes that the expectations and assumptions on which the forward-looking statements are based are reasonable, undue reliance should not be placed on the forward-looking statements because no assurance can be provided that they will prove to be correct. Since forward-looking statements address future events and conditions, by their very nature they involve inherent risks and uncertainties. Actual results could differ materially from those currently anticipated due to a number of factors and risks. These include, but are not limited to, risks that required shareholder, creditor, regulatory and third party approvals and consents are not obtained on terms satisfactory to the parties within the timelines provided for in the MOU, the Definitive Agreement, or at all, and risks that other conditions to the completion of the Transactions are not satisfied on the timelines set forth in the MOU, the Definitive Agreement or at all; the risks associated with the oil and gas industry in general such as operational risks in development, exploration and production; delays or changes in plans with respect to exploration or development projects or capital expenditures; the uncertainty of reserve and resource estimates; the uncertainty of estimates and projections relating to reserves, resources, production, costs and expenses; health, safety and environmental risks; commodity price, interest rate and exchange rate fluctuations; lack of marketing and transportation; loss of markets; environmental risks; competition; ability to access sufficient capital from internal and external sources; changes in legislation, including but not limited to tax laws, royalties and environmental regulations, and actual production may be greater or less than estimated.

The forward-looking statements contained in this press release are made as of the date hereof and Sahara undertakes no obligation to update publicly or revise any forward-looking statements or information, whether as a result of new information, future events or otherwise, unless so required by applicable securities laws.

In this press release bbls/d means barrels of oil per day.

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.