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## **Saha Petroleum Withdraws Financing**

**For Immediate Release**

**July 17, 2008**

**Calgary, Alberta** – Saha Petroleum Ltd. ("**Saha**" or the "**Corporation**") (TSXV: **SPZ**) announces that it has agreed with Union Securities Ltd., to withdraw its previously announced public offering (the "**Offering**") pursuant to a Short Form Prospectus dated June 9, 2008 and amended July 11, 2008 to raise gross proceeds of up to \$3.5 million. Adverse market conditions for equity financings, especially for junior resource companies such as Saha, are cited by management for the withdrawal of the Offering. Alternate financing sources are being investigated. Management of Saha does not anticipate that its previously announced 2 well drilling program will be impacted by the withdrawal of the Offering.

It has come to the attention of Saha that there have been negative rumors circulating in the marketplace, including in respect of the financial viability of Saha, which have contributed to a dramatic increase in trading liquidity and the downward pressure on the trading price of the common shares of Saha. Contrary to the rumors in the market place, management reports there are no financial solvency issues in respect of Saha. Management of Saha is currently attempting to identify the source of these rumors and is contemplating all available legal remedies.

This news release does not constitute an offer to sell, or the solicitation of an offer to buy, the units and common shares (collectively, the "**Securities**") in any jurisdiction, including the United States, or to, or for the account or benefit of, U.S. persons absent U.S. registration or an applicable exemption therefrom, nor shall there be any sale of the Securities in any state in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such state. The Securities being offered will not be, and have not been, registered under the United States Securities Act of 1933, as amended, and may not be offered or sold within the United States or to, or for the account or benefit of, a U.S. person, absent U.S. registration or an applicable exemption therefrom.

### **About Saha Petroleum Ltd.**

Saha is a junior oil & gas company with heavy oil production from exploration and production assets located in the province of Saskatchewan.

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This press release contains certain forward-looking statements within the meaning of applicable securities law. Forward-looking statements are frequently characterized by words such as "plan", "expect", "project", "intend", "believe", "anticipate", "estimate" and other similar words, or statements that certain events or conditions "may" or "will" occur. Forward-looking statements are based on the opinions and estimates of management at the date the statements are made and are subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ materially from those projected in the forward-looking statements. The Corporation cannot assure that actual results will be consistent with these forward looking statements. They are made as of the date hereof and are subject to change and the Corporation assumes no obligation to revise or update them to reflect new circumstances, except as required by law. Prospective investors should not place undue reliance on forward looking statements. These factors include the inherent risks involved in the exploration for and development of crude oil and natural gas properties, the uncertainties involved in interpreting drilling results and other geological and geophysical data, fluctuating energy prices, the possibility of cost overruns or unanticipated costs or delays and other uncertainties associated with the oil and gas industry. Other risk factors could include risks associated with negotiating with foreign governments as well as country risk associated with conducting international activities, and other factors, many of which are beyond the control of the Corporation.

*The TSX Venture Exchange has not reviewed and does not accept responsibility for the adequacy and accuracy of this release.*