



# SHARON ENERGY LTD.

#1800, 633 Sixth Avenue S.W.  
Calgary, Alberta  
T2P 2Y5 Canada

The following is for immediate release on Wednesday, June 18, 2008

## **SHARON ENERGY LTD. ANNOUNCES RESULTS FOR THE YEAR ENDED MARCH 31, 2008**

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Sharon Energy Ltd. (TSX-V: SHY)

Sharon's financial and operating results for the fiscal year ended March 31, 2008, were lower than the prior year due to reduced production volumes partially offset by higher natural gas prices. Sharon hopes to reverse this trend with the results of its exploration and development program in the coming fiscal year.

All dollar figures are United States dollars.

### **Exploration and Production**

#### *United States*

During the 2008 fiscal year Sharon's focus has been on developing prospects along the Wilcox trend in southern Texas.

#### *Black Owl, Wharton County, Texas - Working Interest 24.4%*

The Black Owl #1 well began production in November 2007 and continues to be a steady producer averaging 1.44 MMcfd (351 Mcfd) and 20 Bopd (4.9 Bopd net). Sharon is actively pursuing additional prospects in the area.

#### *N.W. Speaks, Lavaca County, Texas - Working Interest 35.8%*

During the fourth quarter ended March 31, 2008, the Robertson #1 well was drilled to a total depth of 13,575 feet. Based on the Company's log analysis, the well has encountered several Wilcox gas zones, two of which were the primary objectives for the well and these two sands have been proven productive within the same structure. The well is currently producing 1.0 MMcfd (358 Mcfd net) of natural gas and 15 Bopd (5.4 Bopd net), at 1075 psi flowing pressure, up 4.5 inch production casing. Production tubing for this well is scheduled to be installed in June 2008, which is expected to improve the well performance.

#### *Neighborhood Field, Lavaca County, Texas - Working Interest BPO 6.0 % APO 13.46 %*

Subsequent to March 31, 2008, Sharon participated in drilling the Ruebush #1 well which was drilled to a total depth of 16,200 feet. Based on the Company's log analysis the well encountered several potential Wilcox gas zones. Completion operations are scheduled to commence during June 2008.

#### *Hound Dog, Lavaca County, Texas - Working Interest 25.281 %*

The Allen Estate #1 well was drilled by Sharon as operator to a total depth of 3,200 feet. The well encountered two prospective gas zones in the Frio formation and two prospective gas zones in the Miocene formation. Completion operations are scheduled to commence during June 2008.



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## *Canada*

In Canada, for the year ended March 31, 2008, Sharon participated in drilling or re-entering 8 wells (1.55 net) resulting in 1 oil well (0.25 net), 4 gas wells (0.75 net) and 3 dry holes (0.55 net). Two natural gas discoveries from the fall of 2007 are being further developed by the Company. One discovery is currently producing at 750 Mcfd (75 Mcfd net) while the other is being tied-in for first production in June.

## **Financial**

Sharon reported revenue for the year ended March 31, 2008, of \$2.8 million compared with \$3.5 million in the prior year and cash flow for the year was \$1.2 million compared with \$2.0 million for the prior year. Sharon reported a loss for the 2008 fiscal year of \$757,000 or \$0.01 per share versus a loss of \$82,000 or nil per share for the 2007 fiscal year.

Capital spending for the year ended March 31, 2008, totaled \$6.0 million compared with \$4.1 million for the prior year. Capital spending was financed from cash flow, capital dispositions and a CDN \$9.0 million equity financing completed in June 2007.

Sharon exited the year with working capital of \$412,000 versus net debt of \$2.6 million at the beginning of the fiscal year.

## **Production**

For the year ended March 31, 2008, production declined 36% to 217 BOEd compared with 338 BOEd for the prior year. Production rate declines at the Hound Dog field in Lavaca County, Texas, and the loss of production from the Hancock #2 well (Allen Ranch field) in Colorado County, Texas, combined with the rapid decline of several wells at the Jaslan field in Canada to reduce the Company's overall production. Wells brought on production late in the fiscal year and planned for the new fiscal year should significantly increase production during the 2009 fiscal year.

## **Reserves and Reserve Values**

The independent engineering evaluation of Sharon's properties assigned proved reserves before royalties of 662,000 BOE and total reserves before royalties of 2 million BOE at March 31, 2008. These reserve estimates result in a before tax present value of estimated future net revenues, discounted at 10%, of CDN \$35.7 million. Detailed information will be contained in the reserves data report which the Company plans to file by the end of June.



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## **Business Outlook**

Sharon's management has a favourable outlook for natural gas prices through the balance of the 2008 calendar year and into 2009. High natural gas prices in Canada and in the United States are supported by low year on year natural gas storage levels, high crude oil prices and particularly high coal prices. Coal competes directly with natural gas in the production of electricity and a rise or drop in coal prices is often an early indicator of increasing or decreasing natural gas prices. Currently, world coal prices are at record high levels with the current coal spot market very tight.

The coming fiscal year will be a pivotal time for the Company as it's exploration and development plans aim to reverse the declining production and cash flow trend of the last two years. Sharon plans to match capital spending to operating cash flow; however, at least two significant development wells are currently scheduled to be drilled in Texas during the year. Additional development is also planned for the two new discovery areas in Canada. Sharon's exploration program will focus on a number of shallower prospects in Texas that can be managed within the Company's capital budget.



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(\$ Thousands, except per share amounts) (U.S. Dollars)	Years Ended March 31	
	2008	2007
<b>Financial</b>		
Total revenue	\$ 2,835	\$ 3,484
Cash flow from operations	\$ 1,175	\$ 1,995
per share, basic and diluted	\$ 0.02	\$ 0.04
Loss for the period	\$ (757)	\$ (82)
per share, basic and diluted	\$ (0.01)	\$ 0.00
Property, plant and equipment		
Capital additions	\$ 5,984	\$ 4,095
Dispositions	\$ 330	\$ 442
Working capital (net debt)	\$ 412	\$ (2,629)
Total assets	\$ 21,901	\$ 14,658
Total shares outstanding, at period end	75,394	52,919
<b>Operations</b>		
<b>Production</b>		
Gas (MMcfd)	1.2	1.8
Oil (Bopd)	24	30
BOEd (6 Mcf = 1 Bbl)	217	338
<b>Product Prices</b>		
Gas (\$/Mcf)	\$ 6.78	\$ 6.01
Oil (\$/Bbl)	\$ 67.19	\$ 57.05
<b>Reserves (proved plus probable, future costs and prices)</b>		
Gas (Mmcf)	11,183	10,038
Oil (MBbl)	145	120
BOE (MBbls)	2,009	1,793
Present value, before tax (\$ CDN MM at 10%)	\$ 35.7	\$ 34.9

**BOE Presentation** – the term barrels of oil equivalent (BOE) may be misleading, particularly if used in isolation. A BOE conversion ratio of 6 Mcf: 1Bbl is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead. All BOE conversions in this report are derived by converting gas to oil in the ratio of six Mcf of gas to one Bbl of oil.

**Financial Reporting** – all numbers are reported in U.S. dollars.

Sharon is an oil and gas exploration and production company based in Calgary, Alberta. Sharon's current focus is on shallow gas developments in southern Alberta, natural gas exploration in central and southern Alberta and deep gas exploration in Texas.

FOR FURTHER INFORMATION, PLEASE CONTACT:

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TSX-V: SHY

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