



SHARON ENERGY LTD.

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

The following is for immediate release in Canada, Tuesday, August 26, 2003.

**SHARON ANNOUNCES IMPROVED FINANCIAL & OPERATING RESULTS
FOR FIRST QUARTER, 2003**

(Sharon Energy Ltd. reports its financial results in U.S. dollars)

Sharon Energy Ltd. reports that an increase in production volumes and commodity prices resulted in an increase in the Company's revenue to \$147,000, for the three months ended June 30, 2003, from \$94,000 for the same period in 2002.

Foreign exchange losses of \$98,000, from the strengthening Canadian dollar, resulted in Sharon reporting a cash flow deficiency of \$60,000 for the period, compared with a deficiency of \$22,000 in 2002. This was offset by a recovery of future income tax reported in the Company's U.S. operations totaling \$336,000. Sharon reported earnings of \$245,000, or \$0.01 per share for the period, compared with a loss of \$55,000 for the same period in 2002.

Sharon's exploration success at Mustang Creek, combined with the completion of a \$880,000 U.S. financing in July 2003, have established a base from which the Company can show significant growth in reserves, production and cash flow.

Sharon Energy Ltd. is a junior oil and gas company currently conducting active natural gas exploration programs in Texas, Wyoming and Alberta. Sharon is currently focused on exploring for natural gas in Alberta and deep Wilcox gas in Texas.

FOR FURTHER INFORMATION, PLEASE CONTACT:

H.C. (Kip) Ferguson, III, President

Houston, Texas

SHARON ENERGY LTD.

Telephone: (713) 789-5395

Fax: (713) 789-8454

TSX Venture: SHY

Robert W. Lamond, Chairman

Calgary, Alberta

SHARON ENERGY LTD.

Telephone: (403) 269-9889

Fax: (403) 269-9890

Forward looking statements – statements included in this press release that are not historical facts may be considered “forward looking statements.” All estimates and statements that describe the Company's objectives, goals or future plans are forward looking statements. Forward looking statements involve inherent risks and uncertainties where actual results could differ materially from those currently anticipated.

**THE TSX VENTURE EXCHANGE HAS NOT REVIEWED AND DOES NOT ACCEPT RESPONSIBILITY FOR THE
ADEQUACY OR ACCURACY OF THIS RELEASE.**



Page Two

SUMMARY OF OPERATIONS

<i>(expressed in U.S. Dollars)</i>	Three Months Ended	
	June 30	
	2003	2002
Financial		
Total revenue	\$ 147,297	\$ 93,776
Cash flow deficiency ⁽¹⁾	\$ (60,273)	\$ (21,688)
Cash flow per share	\$ (0.00)	\$ (0.00)
Earnings (loss) for the period	\$ 244,516	\$ (55,130)
Earnings (loss) per share	\$ 0.01	\$ (0.00)
Capital		
Additions	\$ 268,761	\$ 249,886
Dispositions	\$ -	\$ 7,740
Net debt	\$ 1,451,889	\$ 1,076,930
Total assets	\$ 2,970,126	\$ 1,657,560
Operations		
Production		
Gas (mcf/d)	312	318
Oil (bbls/d)	16	13
Boe/d (6mcf = 1bbl)	68	66
Product Prices		
Gas (\$/mcf)	\$ 4.14	\$ 2.89
Oil (\$/bbl)	\$ 25.66	\$ 26.31
Total shares outstanding, at period end	27,234,298	22,700,800

⁽¹⁾ Cash flow was negatively impacted by \$98,000 in 2003 and \$38,700 in 2002, due to foreign exchange losses.

Forward looking statements – statements included in this press release that are not historical facts may be considered “forward looking statements.” All estimates and statements that describe the Company’s objectives, goals or future plans are forward looking statements. Forward looking statements involve inherent risks and uncertainties where actual results could differ materially from those currently anticipated.

THE TSX VENTURE EXCHANGE HAS NOT REVIEWED AND DOES NOT ACCEPT RESPONSIBILITY FOR THE ADEQUACY OR ACCURACY OF THIS RELEASE.