



SHARON ENERGY LTD.

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The following is for immediate release in Canada, Thursday, August 26, 2004.

**SHARON ANNOUNCES IMPROVED FINANCIAL & OPERATING RESULTS
FOR THREE MONTHS ENDED JUNE 30, 2004**

(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 for the three-month period ended June 30, 2004, to \$226,000 from \$147,000 for the same period in 2003.

Cash flow from operations for the first quarter totaled \$82,000 compared with \$37,000 for the same period in 2003. Sharon reported a loss of \$82,000 for the three months ended June 30, 2004 compared with earnings of \$244,000 for the same period in 2003. The earnings in 2003 resulted from a future income tax recovery of \$336,000 recognized during 2003.

In updating Sharon's Texas Wilcox program, the Company confirmed that the Lehrer #1 well at Mustang Creek was producing at 1.1 MMcfd and had produced 0.7 Bcf to-date. Sharon and its partners are evaluating the re-completion of the Lehrer #2 well, which experienced mechanical failure in April and is currently shut-in. On the Hound Dog prospect, the Company was awaiting partner approval to complete a new Wilcox sand.

Sharon also reported that it has acquired leases on an additional Wilcox prospect, at Allan Ranch, Colorado County, and is currently negotiating a farm-out agreement for the drilling of a 16,800-foot well targeting multiple Wilcox sands.

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.

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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
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SUMMARY OF OPERATIONS

	Three Months Ended	
	June 30	
		(Restated)
<i>(expressed in U.S. Dollars)</i>	2004	2003
Financial		
Total revenue	\$ 226,275	\$ 147,297
Cash flow from operations	\$ 82,264	\$ 37,454
Cash flow per share	\$ 0.00	\$ (0.00)
Earnings (loss) for the period	\$ (82,425)	\$ 244,516
Earnings (loss) per share	\$ (0.00)	\$ 0.01
Capital		
Additions	\$ 280,589	\$ 268,761
Net debt	\$ 2,352,085	\$ 1,451,889
Total assets	\$ 3,517,661	\$ 2,970,126
Operations		
Production		
Gas (Mcf/d)	484	312
Oil (Bopd)	10	17
Boe/d (6Mcf =1Bbl)	91	68
Product Prices		
Gas (\$/Mcf)	\$ 4.64	\$ 4.14
Oil (\$/Bbl)	\$ 35.49	\$ 25.65
Total shares outstanding, at period end	33,555,598	27,234,298

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