



SHARON ENERGY LTD.

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The following is for immediate release in Canada, Thursday, August 18, 2005.

**SHARON ANNOUNCES IMPROVED FINANCIAL & OPERATING
RESULTS FOR THREE MONTHS ENDED JUNE 30, 2005**

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

Sharon Energy Ltd. reports that its production volumes more than doubled, to average 197 BOEd in the first quarter of 2005, from 91 BOEd in 2004, which resulted in substantial increases in revenue, cash flow and earnings for the quarter. Sharon's current production is estimated to be 280 BOEd.

Total revenue increased to \$626,000 compared with \$232,000 for the same period in 2004. Cash flow increased to \$402,000 from \$82,000 and the Company reported earnings totaling \$43,000 compared with a loss of \$82,000 for the first quarter of 2004.

The Company reported that production from its key wells on the Mustang Creek, Allen Ranch and Hound Dog prospects in Texas and at Harmattan in Alberta continue to perform at satisfactory rates.

As previously announced in a recent press release, the sale of two of Sharon's non-core properties reduced the Company's net debt from \$3.5 million at quarter end, to a current \$2.9 million.

During the next two quarters, the Company plans an expansion of its Texas exploration program with new wells proposed at Allen Ranch and Hound Dog. The Company is also completing land acquisition on a fourth deep Wilcox prospect, in Texas, slated for drilling in early 2006.

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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
ADEQUACY OR ACCURACY OF THIS RELEASE.**

**SUMMARY OF OPERATIONS**

| <i>(expressed in U.S. Dollars)</i> | Three Months Ended | |
|--|---------------------------|-------------------|
| | June 30 | |
| | 2005 | 2004 |
| Financial | | |
| Total revenue | \$ 626,267 | \$ 231,803 |
| Cash flow from operations | \$ 401,777 | \$ 82,264 |
| per share | \$ 0.01 | \$ 0.00 |
| Earnings (loss) for the period | \$ 42,766 | \$ (82,425) |
| per share | \$ 0.00 | \$ (0.00) |
| Capital | | |
| Additions | \$ 682,007 | \$ 280,589 |
| Net debt | \$ 3,511,809 | \$ 2,352,085 |
| Total assets | \$ 6,476,287 | \$ 3,517,661 |
| Operations | | |
| Production | | |
| Gas (Mcf) | 913 | 484 |
| Oil (Bopd) | 44 | 10 |
| BOEd (6Mcf =1Bbl) | 197 | 91 |
| Product Prices | | |
| Gas (\$/Mcf) | \$ 6.01 | \$ 4.64 |
| Oil (\$/Bbl) | \$ 46.40 | \$ 35.49 |
| Total shares outstanding, at period end | 38,422,265 | 33,555,598 |

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