



The following is for immediate release in Canada, Thursday, June 29, 2006.

## **SHARON ANNOUNCES MAJOR GROWTH IN FINANCIAL RESULTS AND RESERVES FOR 2006**

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

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Sharon Energy Ltd. is pleased to report on the Company's improved operating and financial results for the year ended March 31, 2006.

Sharon reported revenues of \$4.1 million for the year ended March 31, 2006, compared with \$1.0 million one year earlier. Cash flow increased to \$3.1 million, or \$0.07 per share, a significant increase from \$304,000 for the same period in 2005. Sharon reported earnings of \$1.2 million for the year, compared with \$766,000 one year earlier.

Production for the year doubled to 331 BOEd from 115 BOEd reported in 2005. Proven and probable oil and gas reserves increased to 2.4 MMBOE from 1.0 MMBOE in 2005. The present value of the Company's reserves, discounted at 10%, increased to \$45 million from \$13 million for the prior year.

<i><b>Financial and Operating Highlights</b></i>	<u>2006</u>	<u>2005</u>	<u>% Increase</u>
• Production (BOEd)	331	115	188
• Revenue	\$ 4,103,904	\$ 1,004,575	30
• Cash flow	\$ 3,086,657	\$ 303,682	916
• Oil and gas reserves (MBOE)	2,426	1,060	130
• Present value of reserves	\$ 43,595,000	\$ 13,268,000	265

### ***Exploration and Development***

During 2004/2005, Sharon drilled two deep Wilcox discovery wells in Texas, on the Hound Dog and Allen Ranch prospects. These wells, in which the Company holds working interests of 28% and 14%, respectively, are currently producing at 2.6 MMcfd and 4.8 MMcfd of gas and have cumulative production volumes of 1.2 Bcf and 1.4 Bcf. The Allen Ranch well has also produced commercial gas from three additional Wilcox zones and operations to commingle gas production from all four zones are anticipated to commence this summer.

During 2006, Sharon drilled a step-out well on each of the Allen Ranch and Hound Dog prospects, encountering multiple gas zones in various deep Wilcox sands. Completion operations have commenced on both wells and Sharon anticipates further re-completion and commingling operations to be completed by mid-summer.

In addition to the above captioned prospects, the Company holds a 50% working interest in the Northwest Speaks Wilcox prospect. The Company is presently seeking equipment to drill the first well on this multi-zone Wilcox prospect and hopes to commence operations by Q1 2007.

Based on the results of drilling and completions to date, Sharon anticipates continued production and reserve increases in the United States over the next year. In addition, new production planned to come on stream from oil and gas wells in Alberta should provide production and reserve increases from its Canadian drilling program.

### Summary of Operations

<i>(expressed in U.S. Dollars)</i>	<b>For the Year Ended March 31</b>	
	<b>2006</b>	<b>2005</b>
<b>Financial</b>		
Total revenue	\$ 4,103,904	\$ 1,004,575
Cash flow from operations	\$ 3,086,657	\$ 303,682
per share	\$ 0.07	\$ 0.01
Earnings for the year	\$ 1,119,561	\$ 766,460
per share	\$ 0.03	\$ 0.02
Capital		
Additions	\$ 6,905,939	\$ 2,009,047
Dispositions	\$ 642,884	\$ 150,000
Net debt	\$ 1,667,539	\$ 3,269,078
Total assets	\$ 11,893,423	\$ 6,320,738
<b>Operations</b>		
<b>Production</b>		
Gas (Mcf)	1,734	540
Oil (Bopd)	42	25
BOEd (6Mcf =1Bbl)	331	115
<b>Product Prices</b>		
Gas (\$/Mcf)	\$ 7.50	\$ 5.00
Oil (\$/Bbl)	\$ 52.97	\$ 38.38
<b>Reserves</b>		
Gas (MMcf)	13,559	5,616
Oil (MBbl)	166	124
BOE (MBbl)	2,426	1,060
Present value, before income tax discounted at 10%	\$ 43,595,000	\$ 13,268,000
<b>Total shares outstanding, at year end</b>	<b>50,811,065</b>	38,422,265

### *Oil and Gas Reserves and Reserve Values*

Sharon's petroleum and natural gas reserves were evaluated by independent engineering consultants, AJM Petroleum Consultants ("AJM"), effective March 31, 2006 and a summary of certain aspects of their report follows. The AJM report was prepared in accordance with National Instrument 51-101 – Standards of Disclosure for Oil and Gas Activities ("NI 51-101").

It should be noted that estimates of future net revenues either discounted or presented after tax do not represent fair market value of the reserves. The estimates of reserves and future net revenues for individual properties may not reflect the same confidence level as estimates of reserves and future net revenues for the Company.

Canadian oil and gas companies are required to have their oil and gas properties evaluated and reported upon in accordance with NI 51-101. This policy sets standards for reserve recognition which in some respects are higher than those used by evaluators in the past. The standard implies a 90% confidence rate that actual proved reserves will be equal or greater than the estimate and a 50% confidence rate that the proved and probable reserves will be equal or greater than the estimate. Given the inherent difficulties in estimating reserves and the limited amount of information available for newly drilled or completed wells which do not have production history, it is likely that reserve forecasts for these properties will be lower in early years of their development.

Over the last year, Sharon's proven and probable reserves increased by 129%, to 2.4 million BOE and the net present value of future revenue before income tax, using a 10% discount rate, increased by 229%, to \$44 million. During the year ended March 31, 2006, the Company added proved reserves at a cost of \$16.68 per BOE and proved and probable reserves at a rate of \$9.81 per BOE.

At March 31, 2006, 66% of Sharon's reserves were classified as probable. These reserves were primarily assigned to the Allen Ranch and Hound Dog properties, where the two new Wilcox gas wells are being completed and production tested and are anticipated to be placed on production in July 2006. Once these wells are completed and placed on production, the Company believes a significant percentage of the probable reserves will be reclassified as proved producing reserves.

SUMMARY OF OIL AND GAS RESERVES  
AND NET PRESENT VALUES OF FUTURE NET REVENUE  
AS OF MARCH 31, 2006  
FORECAST PRICES AND COSTS (US\$)

RESERVES CATEGORY	RESERVES			
	LIGHT AND MEDIUM OIL		NATURAL GAS	
	Gross (MBbl)	Net (MBbl)	Gross (MMcf)	Net (MMcf)
PROVED				
Developed Producing	79	66	3,101	2,419
Developed Non-producing	-	-	64	56
Undeveloped	30	25	1,152	949
TOTAL PROVED	109	91	4,317	3,424
PROBABLE	48	41	9,242	7,060
TOTAL PROVED PLUS PROBABLE	158	132	13,559	10,483

NET PRESENT VALUES OF FUTURE NET REVENUE <sup>(1)</sup> BEFORE INCOME TAXES DISCOUNTED AT (% per year)					
RESERVES CATEGORY	0 (M\$)	5 (M\$)	10 (M\$)	15 (M\$)	20 (M\$)
<b>PROVED</b>					
Developed Producing	19,670	17,261	15,435	14,018	12,889
Developed Non-producing	247	206	173	148	128
Undeveloped	7,212	5,898	4,988	4,319	3,805
<b>TOTAL PROVED</b>	<b>27,129</b>	<b>23,366</b>	<b>20,596</b>	<b>18,485</b>	<b>16,821</b>
<b>PROBABLE</b>	<b>56,183</b>	<b>33,517</b>	<b>22,998</b>	<b>17,235</b>	<b>13,685</b>
<b>TOTAL PROVED PLUS PROBABLE</b>	<b>83,312</b>	<b>56,882</b>	<b>43,595</b>	<b>35,720</b>	<b>30,506</b>

NOTE: <sup>(1)</sup> Figures may not add due to rounding.

### ***SEDAR Filings***

Further information regarding financial and operating results may be obtained at [www.sedar.com](http://www.sedar.com), where the Company's MD&A and financial statements have been filed.

**BOE Presentation** – The term barrels of oil equivalent (BOE) may be misleading, particularly if used in isolation. A BOE conversion ratio of 6 Mcf: 1 Bbl 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 Energy Ltd. is a junior oil and gas company currently conducting active natural gas exploration programs in Texas, Alberta and Saskatchewan. Sharon is currently focused on exploring for natural gas in Alberta and deep Wilcox gas in Texas.*

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*Forward-looking statements – the press release today contains “forward-looking” information. Actual results could differ materially from the conclusions, forecasts or projections in the forward-looking information. Certain material factors and assumptions were applied in drawing the conclusions or making the forecasts or projections as reflected in the forward-looking information. Additional information about the material factors that could cause actual results to differ materially from the conclusion, forecast or projection in the forward-looking information and the material factors or assumptions that were applied in drawing the conclusion or making the forecast or projection as reflected in the forward-looking information is contained in the press release.*

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