

SHARON REPORTS INCREASED PRODUCTION FOR FIRST NINE MONTHS OF 2006

(Sharon's financial results are expressed in U.S. Dollars)

CALGARY, February 21, 2007- Sharon Energy Ltd. (TSX-V: SHY) reports that it achieved an exit rate at December 31, 2006, of 406 BOEd, an increase of 34% from the second quarter, as new projects began production. This increase contrasted with reduced capital expenditures during the period, as a result of downward trending gas prices, and the Company's mandate to match its capital expenditures to operating cash flow. As a result, the Company was able to maintain and improve on its financial targets during the period, and has now been able to recommence its active gas exploration program during the current better gas pricing environment.

Over the past three months, natural gas prices have recovered as natural gas fundamentals have become increasingly favourable. Natural gas storage in the United States, which had been excessively high on a year over year basis, trended towards normal seasonal levels and gas targeted rig activity in the U.S. has leveled off and in Canada has dropped.

In response to this positive trend, Sharon resumed its development program. The Company commenced by installing production facilities to connect five natural gas wells at Jaslan, Alberta. Completion operations were also conducted at the Dickson #2 well, Lavaca County, Texas.

More significantly, however, the Company is recommencing its deep Wilcox exploration program in Texas with an 18,000-foot well, on the Cheney prospect in Colorado County, slated for early April 2007. Additional Texas wells are planned for the summer along with an active Alberta development program.

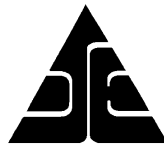
Financial

Financial and operating results for the nine months ended December 31, 2006 were lower than the prior year period due to a 23% reduction in realized natural gas prices partially offset by a 14% increase in net gas production. Net revenue decreased by 11% over the prior year to \$2.7 million and cash flow from operations for the nine months ended December 31, 2006, decreased by 22% over the prior year to \$1.8 million.

At December 31, 2006, the Company's net debt was \$2.6 million versus \$4.6 million at December 31, 2005. The balance sheet position of the company remains robust with an annualized debt to cash flow ratio of approximately 1.2 to 1.

In December 2006, the Company received \$630,000 in net proceeds from the issuance of 1.5 million flow-through shares at approximately \$0.43 USD/share. These funds will be used in 2007 for Canadian exploration opportunities.

On January 30, 2007, Sharon announced it had entered into an agreement with Research Capital Corporation for a private placement, on a best efforts agency basis, of up to CDN \$8 million principal amount of convertible unsecured subordinated debentures. The debentures will bear interest at a rate of 9.75% per annum and will mature in five years and a day. The Debentures will be convertible at any time at the option of the holder into Common Shares of Sharon at a conversion price of CDN \$0.50 per common share. Sharon will have the right to redeem the Debentures after two years from the closing of the offering in certain circumstances if the Common Shares trade at a specified premium over the conversion price. Closing of the offering is scheduled for February 28, 2007.



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Production

Production for the third quarter ended December 31, 2006 decreased by 9% to average 377 BOEd compared with 415 BOEd for the same period in 2005. This occurred primarily due to extended completion operations in Texas at the Hound Dog and Allan Ranch field locations that shut in production at various times during the quarter. However, production for the nine month period increased by 10% overall to average 349 BOEd compared with 317 BOEd for the nine month period in 2005. The exit rate for the calendar year 2006 was 406 BOEd.

FOR FURTHER INFORMATION, PLEASE CONTACT:

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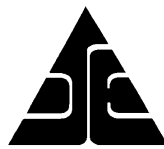
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Summary of Operations

<i>(Unaudited, thousands, in US Dollars)</i> <i>(except per share amounts)</i>	Nine Months Ended	
	December 31	
	2006	2005
Financial		
Total net revenue	\$ 2,694	\$ 3,028
Cash flow from operations	\$ 1,766	\$ 2,270
per share, diluted	\$ 0.03	\$ 0.06
Earnings for the period	\$ 158	\$ 828
per share, diluted	\$ 0.00	\$ 0.02
Capital		
Additions	\$ 3,473	\$ 4,148
Dispositions	\$ (41)	\$ (650)
Net debt	\$ 2,577	\$ 4,584
Total assets	\$ 13,695	\$ 10,589
Operations		
Production		
Gas (Mcf)	1,902	1,670
Oil (Bopd)	32	39
BOEd (6Mcf = 1Bbl)	349	317
Product Prices		
Gas (\$/Mcf)	\$ 5.94	\$ 7.71
Oil (\$/Bbl)	\$ 59.83	\$ 53.03
Total shares outstanding, at period end	52,919	38,811

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.

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