



SHARON ENERGY LTD.

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SHARON ENERGY LTD. ANNOUNCES YEAR END RESULTS

Sharon Energy Ltd. (TSX-V: SHY)

The year ended March 31, 2007, was difficult for Sharon and the gas industry. Poor supply fundamentals impacting natural gas pricing resulted in an erosion of energy stock prices which continued through early 2007. By the end of the first quarter of 2007, however, natural gas fundamentals had changed for the better and the Company is optimistic about natural gas prices for the balance of the year.

Exploration and Development

As a result of the poor commodity outlook, Sharon reduced its 2007 fiscal year gas drilling program and refocused its activities on oil exploration and development drilling, land purchases, and the tie-in of existing shut-in gas wells.

United States

During the 2007 fiscal year, Sharon conducted completion operations on both wells at Allen Ranch in Texas, and on a well on the Hound Dog property and commenced leasing and seismic acquisition for additional prospects on the Wilcox Trend. Sharon has identified up to 16 different locations for wells on lands currently under lease and will rank and prioritize these wells for the commencement of drilling during calendar years 2007 and 2008.

In Texas, follow-up 3D seismic work surrounding the Allen Ranch location led to the identification of a large structure to the east, "Cheney". During 2006, the acreage on the Cheney prospect was leased. In January 2007, Sharon and its partners entered into an agreement with Petrohawk Energy Corporation pursuant to which Petrohawk would acquire an interest in the prospect and act as operator. Cheney offsets the Company's Allen Ranch field to the west and Newfield Corporation's EPC field to the north. The Cheney structure has the potential to yield over 100 Bcf of natural gas, if the first well is successful. The well began drilling in April 2007, and is expected to reach the proposed total depth of 18,100 feet by mid to late July 2007.

Canada

In Alberta, the Company announced an Arcs oil discovery at Hays and completed its Jaslan natural gas project in November 2006 adding 250 Mcf per day of production. Additional development is planned on both of these projects in 2007.

Financial

Financial and operating results for the year ended March 31, 2007, was less satisfactory than the prior year due to a 17% reduction in realized natural gas prices, partially offset by a modest 2% increase in net gas production. Net revenue decreased by 15% over the prior year to \$3.5 million and cash flow from operations for the year ended March 31, 2007, decreased by 35% over the prior year to total \$2.0 million.

At March 31, 2007, the Company's net debt was \$2.6 million compared with \$1.7 million in the prior year. The corporate leverage remains conservative with a net debt to cash flow ratio of approximately 1.3 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.

Production

Production for the year ended March 31, 2007, averaged 338 BOEd compared with 331 BOEd for the prior year. Natural gas declines and unanticipated delays in completion operations in Texas were offset by new production added from the Hound Dog and Jaslan fields.

Business Outlook

Natural gas storage levels in the United States and Canada have declined substantially below last year's levels as cold temperatures in Canada and the eastern United States contributed to larger than expected draw downs during the first quarter of 2007. Meanwhile, gas targeted rig activity in Canada has reached a historic low. Both of these factors have contributed to the strengthening of natural gas prices in the first quarter of 2007 and Sharon anticipates strong gas prices for the balance of the year.

The Company plans to continue its gas-targeted activities throughout the year. To assist in financing this program, the Company has recently announced a planned \$6 million equity financing expected to close on June 18, 2007.

<i>(Thousands, except per share amounts)</i>	Years Ended	
	March 31	
	2007	2006
<i>(U.S. Dollars)</i>		
Financial		
Total revenue	\$ 3,484	\$ 4,104
Cash flow from operations	\$ 1,995	\$ 3,087
per share, basic and diluted	\$ 0.04	\$ 0.07
Earnings (loss) for the year	\$ (82)	\$ 1,120
per share, basic and diluted	\$ -	\$ 0.03
Property, plant and equipment		
Capital additions	\$ 4,095	\$ 6,906
Dispositions	\$ 442	\$ 643
Net debt	\$ 2,629	\$ 1,667
Total assets	\$ 14,658	\$ 11,893
Total shares outstanding, at year end	52,919	50,811
Operations		
Production		
Gas (MMcfd)	1.8	1.7
Oil (Bopd)	30	42
BOEd (6Mcf = 1Bbl)	338	331
Product Prices		
Gas (\$/Mcf)	\$ 6.01	\$ 7.50
Oil (\$/Bbl)	\$ 57.05	\$ 52.97
Reserves (proved plus probable, future costs and prices)		
Gas (Mmcf)	10,038	13,559
Oil (MBbl)	120	166
BOE (MBbls)	1,793	2,426
Present value, before tax (\$Millions at 10%)	\$ 30.61	\$ 43.6

BOE Presentation – the term barrels of oil equivalent (BOE) may be misleading, particularly if used in isolation. A BOE conversion ratio of 6 Mcf: 1Bbl 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 is an oil and gas exploration and production company based in Calgary, Alberta. Sharon's current focus is on shallow gas developments in southern Alberta, natural gas exploration in central and southern Alberta and deep gas exploration in Texas.

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