



# SHARON ENERGY LTD.

#1800, 633 Sixth Avenue S.W.  
Calgary, Alberta  
T2P 2Y5 Canada

The following is for immediate release on Monday, November 19, 2007

## **SHARON ENERGY LTD. ANNOUNCES Q2 2008 RESULTS**

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Sharon Energy Ltd. (TSX-V: SHY)

Sharon's financial and operating results for the first six months of the 2008 fiscal year ended September 30, 2007, were lower than the same reporting period of the prior year, due to reduced production volumes offset partially by higher gas prices.

Sharon, as operator, is pleased to report that it has contracted a rig and plans to begin drilling the Wharco-Schilling well during the next couple of weeks. Also, in January 2008 Sharon plans to begin drilling the N.W. Speaks well. Both of these wells had been delayed due to extremely wet conditions caused by record levels of rainfall in the south-west Texas area.

As a result of greater availability of rigs in the United States, Sharon believes it is able to operate the bulk of its future exploration projects. As operator, Sharon can control the timing and costs involved. A good example of this is the recently completed Black Owl project which was drilled, completed and placed on production in 67 days.

### **Financial**

Sharon reported revenue for the six month period ended September 30, 2007, of \$1.4 million compared with \$1.7 million in the prior year period and cash flow for the six month period was \$520,000 compared with \$1.2 million for the same period in 2006. Sharon reported a loss for the six month period ended September 30, 2007, of \$485,000 or \$(0.01) per share versus earnings of \$11,000 or nil per share for the same period in 2006.

Capital spending for the six month period ended September 30, 2007, totaled \$3.0 million compared with \$2.3 million for the same period in 2006. Capital spending was financed from cash flow, capital dispositions and a \$9 million equity financing completed in June 2007.

Sharon exited the second quarter with working capital of \$2.5 million versus net debt of \$2.6 million at the beginning of the fiscal year.

### **Production**

Production for the three month period ended September 30, 2007, declined to average 202 BOEd compared with 312 BOEd for the prior year. For the six month period production declined to 232 BOEd compared to 334 BOEd for the prior year period. The Hancock #2 well located on the Allen Ranch property in Texas was shut-in during the first and second quarters causing most of the production decline.



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## *United States*

In the first six months of the 2008 fiscal year Sharon's focus has been on developing the Cheney and Black Owl prospects. Black Owl came on line in November 2007, while at Cheney the well is anticipated to be fully tested in early 2008.

Cheney, Colorado County, Texas - Working Interest 14%

On July 10, 2007, drilling reached a total depth of 18,400 feet after which the well was cased. Based on the Company's log analysis, the well has encountered 40 feet of gross pay and 30 feet of potential net gas pay, in the Wilcox #18 zone, which was the primary target horizon in the well.

Completion operations, which had been hampered by weather and a change of the operator of the well, are now expected to be carried out in early 2008 with a fracture stimulation and production test of the zone.

Black Owl, Wharton County, Texas - Working Interest 24.4%

In the second quarter, Sharon as operator, drilled the Black Owl #1 well to a depth of 8,775 feet. The well encountered 18 feet of pay in the Yegua zone and was completed and flow tested at a rate of 1,300 Mcfd at 5,600 psi.

The well has been connected to a sales pipeline and production started in November 2007.

West Wharco-Schilling, Wharton County Texas - Working Interest 28.44% (at casing point)

Sharon Energy Ltd. will be the operator for the Duson #1 well. This prospect has seven potential objectives of which three have been proven productive by offset operators. Sharon's Duson #1 well, which is planned to be spud in November 2007, has a proposed depth of 11,450 feet.

N.W. Speaks, Lavaca County, Texas - Working Interest 35.8%

Sharon will be the operator of the N.W. Speaks Robertson #1 well, located in Lavaca County, Texas. Sharon plans to spud this well in early 2008.

## *Canada*

During the first six months of the 2008 fiscal year Sharon participated in drilling and/or re-entering two wells (0.40 net) resulting in one oil well (0.25 net) and one dry hole (0.15 net). In the second half of fiscal year, Sharon plans to participate in the drilling of several wells including a Sawtooth oil test in the Hays area.



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## Business Outlook

Sharon anticipates that North America natural gas prices will continue to recover which should result in an improvement in the Company's financials. The weakening US dollar during the first half of the fiscal year had a negative \$297,000 affect on Sharon's consolidated earnings which are denominated in U.S. currency resulting from the settling of Canadian denominated debt. However, if currency valuations maintain their current levels Sharon anticipates that this trend will reverse in the second half of the fiscal year as Canadian net assets and revenues are consolidated into Sharon's statements at increasingly favourable exchange rates.

Highlights for the second half of fiscal year 2008 will include production additions in both Canada and the U.S. and the drilling of several exploration oil and gas wells in Canada and three gas wells in the U.S.

<i>(Thousands, except per share amounts)</i> <i>(U.S. Dollars, unaudited)</i>	Six Months Ended	
	September 30	
	2007	2006
<b>Financial</b>		
Total revenue	\$ 1,369	\$ 1,720
Cash flow from operations	\$ 520	\$ 1,154
per share, basic and diluted	\$ 0.01	\$ 0.02
Earnings (loss) for the period	\$ (485)	\$ 11
per share, basic and diluted	\$ (0.01)	\$ -
Property, plant and equipment		
Capital additions	\$ 3,030	\$ 2,308
Dispositions	\$ (119)	\$ (23)
Working capital / (net debt)	\$ 2,541	\$ (2,806)
Total assets	\$ 18,277	\$ 13,216
Total shares outstanding, at period end	75,419	51,419
<b>Operations</b>		
<b>Production</b>		
Gas (MMcfd)	1.3	1.8
Oil (Bopd)	23	34
BOEd (6Mcf = 1Bbl)	232	334
<b>Product Prices</b>		
Gas (\$/Mcf)	\$ 6.66	\$ 6.01
Oil (\$/Bbl)	\$ 62.05	\$ 63.31

**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.

FOR FURTHER INFORMATION, PLEASE CONTACT:

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