



# SHARON ENERGY LTD.

#1800, 633 Sixth Avenue S.W.  
Calgary, Alberta  
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## **SHARON ENERGY LTD. ANNOUNCES SIGNIFICANTLY IMPROVED RESULTS FOR THE FIRST QUARTER ENDED JUNE 30, 2008**

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Sharon Energy Ltd. (TSX-V: SHY)

Sharon's financial results for the first quarter ended June 30, 2008, were significantly higher than in any quarter over the last two years due to higher natural gas and oil prices combined with an increase in the Company's quarterly production.

Average production for Q1 2009F increased by 93 BOEd from the previous quarter. This combined with a 40% increase in commodity price to increase revenue by 116% and cashflow by 270%.

In Canada, Sharon's production was unchanged as production declines were offset by production from the Big Bend 2007 discovery well which was brought on production at 500 Mcfd on March 20, 2008, and the Leahurst 2007 discovery well which came on stream at 500 Mcfd on June 6, 2008. Sharon has a 10% working interest in Big Bend and a 20% working interest in the surrounding lands. Sharon has a 20% working interest in Leahurst.

In the United States, new production in the quarter from the Robertson #1 well (N.W. Speaks field) which was brought on production on May 7, 2008, and averaged 1.4 MMcfd during the quarter helped to improve the U.S. average production. Sharon has a 35.8% interest in the property.

Also, late in the first quarter, Sharon participated in drilling the Ruebush #1 well, in Lavaca County, Texas, which had an initial production rate of 15.95 MMcfd and to date has cumulatively produced over 500 MMcf of gas. The well is currently producing approximately 3.13 MMcfd. Sharon has a 6.0% working interest which increases to 13.46% after payout. Payout should occur during the second quarter.

### **Financial**

Sharon reported revenue for the three month period ended June 30, 2008, of \$1.5 million compared with \$791,000 in the prior year period and cash flow for the quarter was \$1.0 million compared with \$334,000 for the prior year period. Sharon reported earnings for the quarter of \$180,000 or nil per share versus a loss of \$468,000 or \$(0.01) per share for the prior year period.

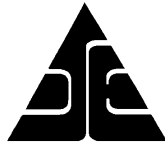
Capital spending for the three month period ended June 30, 2008, totaled \$1.2 million compared with \$1.7 million for the prior year period. Capital spending was financed from cash flow, capital dispositions and working capital.

Sharon exited the first quarter with working capital of \$191,000 versus working capital of \$412,000 at the beginning of the period.

All dollar figures are United States dollars.

### **Business Outlook**

Commodity prices have remained very volatile in 2008. During the first quarter, natural gas prices increased to the range of \$10.00 to \$12.00 per Mcf reflecting low year-on-year storage inventory levels in Canada and in the United States. Subsequent to the quarter, gas prices have declined to the range of \$7.50 to \$9.00 per Mcf, as a result of increasing gas inventory levels in the summer months. It is expected by the Company that natural gas prices will stay in this range until the winter heating season, unless there is a disruption of the U.S. supply by a hurricane, or increased cooling demand in the U.S.



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Sharon plans to match capital spending to operating cash flow; however, at least two development wells are currently scheduled to be drilled in Texas during the fiscal year and some debt may be incurred to finance these objectives. Additional development is also planned for the two new discovery areas in Canada. Sharon's future exploration program will focus on a number of shallower prospects in Texas that can be managed within the Company's capital budget

(\$ Thousands, except per share amounts) (U.S. Dollars, Unaudited)	Three Months Ended June 30	
	2008	2007
<b>Financial</b>		
Total revenue	\$ 1,448	\$ 791
Cash flow from operations	\$ 971	\$ 334
per share, basic and diluted	\$ 0.01	\$ 0.01
Earnings (loss) for the period	\$ 180	\$ (468)
per share, basic and diluted	\$ 0.00	\$ (0.01)
Property, plant and equipment		
Capital additions	\$ 1,206	\$ 1,725
Dispositions	\$ 17	\$ -
Working capital	\$ 190	\$ 3,474
Total assets	\$ 19,831	\$ 18,696
Total shares outstanding, at period end	75,359	75,419
<b>Operations</b>		
<b>Production</b>		
Gas (MMcfd)	1.5	1.4
Oil (Bopd)	45	21
BOEd (6 Mcf = 1 Bbl)	292	261
<b>Product Prices</b>		
Gas (\$/Mcf)	\$ 10.29	\$ 7.09
Oil (\$/Bbl)	\$ 114.33	\$ 57.96

**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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TSX-V: SHY

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