



# SHARON ENERGY LTD.

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The following is for immediate release in Canada, November 30, 2009.

## **SHARON ENERGY LTD. ANNOUNCES RESULTS FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2009**

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The second quarter of 2010F was pivotal for Sharon in that it sold its U.S. subsidiary and plans to refocus on oil related projects in Canada.

### **Sale of US Operations**

On September 30, 2009 Sharon sold its U.S. operations to Magnum Hunter Resources for approximately 2.3 million common shares of Magnum Hunter valued at USD \$2.3 million on the date of the sale. These shares have appreciated and are currently trading at a value of USD \$3.8 million, at the time of writing.

Magnum Hunter is an active U.S. independent, based in Houston, Texas, with operations in Texas, North Dakota and Louisiana. For its last quarter, Magnum reported production of 592 BOEd. Most importantly, the company is managed by a seasoned executive team with a mandate to rapidly grow by way of acquisitions and property development in its key areas.

Sharon anticipates holding its block of shares in the intermediate term to gain capital appreciation and to prudently use the proceeds from the sales of these shares, from time to time, to finance its Canadian exploration and development activities.

### **Parkman Sale**

Subsequent to the end of the quarter, Sharon closed the sale of its Parkman, Saskatchewan, oil property which produced 6 Bopd net to Sharon during the first half of 2010F. Net proceeds from the sale totaled USD \$560,000 and should enable Sharon to participate in its Lloydminster heavy oil drilling program without additional financing in the near term.

## **Canadian Exploration**

During the past three quarters, Sharon has participated in the development of a land base in east central Alberta and adjacent areas of western Saskatchewan. Prospects with light and heavy oil potential, of particular note are:

- Lloydminster projects:

The company has recently acquired a 20% interest in 400 acres located to the south of an active oil field development program. Based on geophysical and existing well data, Sharon believes the acreage covers a structural high with existing well bores indicating potentially by passed oil. The first well on this prospect is anticipated to be drilled during the first half of calendar 2010.

In addition, Sharon has a 20% interest in three other blocks of acreage (approximately 1,600 net acres) with potential for Lloydminster oil accumulations.

- Shaunovan Prospects

Sharon has a 20% working interest in approximately 6,800 acres, located in the lower Shaunovan fairway of west central Saskatchewan. One well is planned for drilling in the first quarter of calendar 2010.

- Birdbear Prospects

Sharon currently holds a 14% interest in 1,600 acres of land located in west central Saskatchewan. One 480 acre block immediately offsets a Birdbear pool which is being actively developed. Sharon plans to participate in a seismic program on this acreage to assist in defining a drilling location.

In addition to Sharon's oil projects, the Company will continue to optimize its natural gas production but will limit new expenditures on gas exploration and development until management determines that this current period of natural gas price instability has been concluded.

## **Business Outlook**

After the completion of the sale of the U.S. properties and the Parkman oil pool, Sharon has significantly increased its financial flexibility. Oil prices have stabilized over the last few months at relatively high levels. Natural gas prices however remain relatively low due to continuing excess supply problems. Sharon plans to develop its oil prospects in Alberta and Saskatchewan for the foreseeable future.

## Financial

QUARTER - Revenue from continuing operations for the quarter ended September 30, 2009, totaled \$63,000 compared with \$376,000 for the prior year period. Revenue from discontinued operations for the quarter totaled \$72,000 compared with \$1.0 million for the prior year period. Cash flow from continuing operations for the quarter was negative \$117,000 compared with positive \$176,000 for the prior year period. The reduced cash flow for the quarter resulted primarily from reduced natural gas production and low realized prices. Cash flow from discontinued operations for the quarter was negative \$61,000 compared with positive \$817,000 for the prior year period. Net loss from continuing operations for the quarter was \$189,000 compared with a loss of \$493,000 for the prior year period. Net loss from discontinued operations for the quarter was \$705,000 compared with income of \$313,000 for the prior year period.

Year to Date - Revenue from continuing operations for the six months ended September 30, 2009, totaled \$212,000 compared with \$833,000 for the prior year period. Revenue from discontinued operations for the six month period totaled \$220,000 compared with \$2.0 million for the prior year period. Cash flow from continuing operations for the six month period was negative \$38,000 compared with positive \$424,000 for the prior year period. Cash flow from discontinued operations for the six month period was \$26,000 compared with \$1.5 million for the prior year period. Net loss from continuing operations for the six month period was \$228,000 compared with a loss of \$490,000 for the prior year period. Net loss from discontinued operations for the six month period was \$1.1 million compared with income of \$490,000 for the prior year period.

Capital expenditures for continuing operations for the six months ended September 30, 2009, totaled \$110,000 compared with \$251,000 for the prior year period. Capital expenditures for discontinued operations for the six month period totaled \$383,000 compared with \$2.1 million for the prior year period. Capital expenditures were financed from working capital and cash flow.

Sharon exited the second quarter with a working capital deficit of \$99,000 versus working capital related to continuing operations of \$147,000 at the beginning of the fiscal year. With the close of the Parkman property sale in October, Sharon's pro forma working capital is approximately \$461,000.

## Corporate Summary

(\$ Thousands, except share & per share amounts, U.S. Dollars, unaudited)	Six Months Ended September 30	
	2009	2008
<b>Financial - continuing operations only</b>		
Revenue	\$ 212	\$ 833
Cash flow	\$ (38)	\$ 424
per share, basic and diluted	\$ -	\$ -
Loss	\$ (228)	\$ (490)
per share, basic and diluted	\$ -	\$ -
Property, plant and equipment		
Capital additions	\$ 110	\$ 251
Pro forma Working capital *	\$ 461	\$ 22
Working capital (deficit)	\$ (99)	\$ 22
Total assets	\$ 5,601	\$ 5,588
Total shares outstanding, at period end	74,085,565	75,206,565
<b>Operations - continuing operations only</b>		
<b>Production</b>		
Gas (MMcfd)	0.2	0.3
Oil (Bopd)	9	22
BOEd (6 Mcf = 1 Bbl)	47	74
<b>Product Prices</b>		
Gas (\$/Mcf)	\$ 2.86	\$ 8.06
Oil (\$/Bbl)	\$ 65.41	\$ 107.84

FOR FURTHER INFORMATION, PLEASE CONTACT:

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*ADVISORY: This press release contains forward looking statements. Although Sharon believes that the expectations reflected in these forward looking statements are reasonable, undue reliance should not be placed on them because Sharon can give no assurance that they will prove to be correct. Since forward looking statements address future events and conditions, by their very nature they involve inherent risks and uncertainties. The forward looking statements contained in this press release are made as of the date hereof and Sharon undertakes no obligations to update publicly or revise any forward looking statements or information, whether as a result of new information, future events or otherwise, unless so required by applicable securities laws.*

*Where amounts are expressed on a barrel of oil equivalent (boe) basis, natural gas volumes have been converted to barrels of oil at six thousand cubic feet (mcf) per barrel (bbl). Boe figures may be misleading, particularly if used in isolation. A boe conversion of six thousand cubic feet per barrel is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead. References to oil in this discussion include crude oil and natural gas liquids (NGLs).*

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