



# SHARON ENERGY LTD.

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

The following is for immediate release in Canada, July 16, 2010

## **SHARON ENERGY LTD. ANNOUNCES RESULTS FOR THE YEAR ENDED MARCH 31, 2010 AND CHANGE IN EXPLORATION FOCUS**

---

Sharon Energy Ltd. (TSX-V: SHY) (“Sharon”) announces that it has filed its 2010 MD&A, Financial Statements, and Reserves Data Report on SEDAR.

### **A Change in Focus**

The sale of Sharon’s US assets in exchange for common shares of Magnum Hunter Resources, a rapidly growing US exploration company, marked a turning point in the business plan and focus of the Company.

On September 30, 2009 Sharon received 2.3 million Magnum Hunter shares in exchange for all of its US assets. The market value of the shares increased to \$6.9 million by March 31, 2010 and subsequent to the Company’s year end have continued to increase in value. During June and July 2010, Sharon sold a total of 311,000 Magnum Hunter shares to realize \$1.5 million and Sharon is now in an enviable position, for a growth oriented junior exploration company, with:

- Significant cash position.
- Substantial and highly liquid holding in Magnum Hunter Resources.
- Growing inventory of oil focused prospects.
- Ongoing joint venture relationship with two related junior exploration companies which will allow Sharon to minimize overhead costs and maximize the amount of expenditure used to grow its production and reserves base.

Highlights of the Company’s assets are:

- Magnum Hunter share holdings

Magnum Hunter is a fast growing US based exploration company focused primarily on Eagle Ford shale prospects in south central Texas and on the Marcellus fractured shale play in Ohio, West Virginia and Kentucky. Magnum Hunter is currently drilling its first horizontal well on its Eagle Ford property and as a result of this activity at the writing of this report, Magnum’s share price has increased substantially.

To date Sharon has sold 311,000 shares at an average price of \$4.77 per share, realizing \$1.5 million. Sharon’s remaining share holdings have a market value of in excess of \$9.0 million at the date of this report. Sharon plans to continue to prudently sell a portion of these shares to fund its ongoing activities.

- Oil Prospects

Sharon has participated in a joint venture in Alberta and Saskatchewan, with a related partner, for the past six years. Initially the joint venture focused on gas prone prospects in south central Alberta, but with changes in gas economics in early 2009, the Company has concentrated on the acquisition of heavy oil prospects.

As a result the Company has acquired interest in oil prospects on 14 tracts of land, totaling 15,836 acres (3,295 net acres). Many of the prospects have been identified from the interpretation of older wells log evaluation, which indicate the possibility of bypassed oil play.

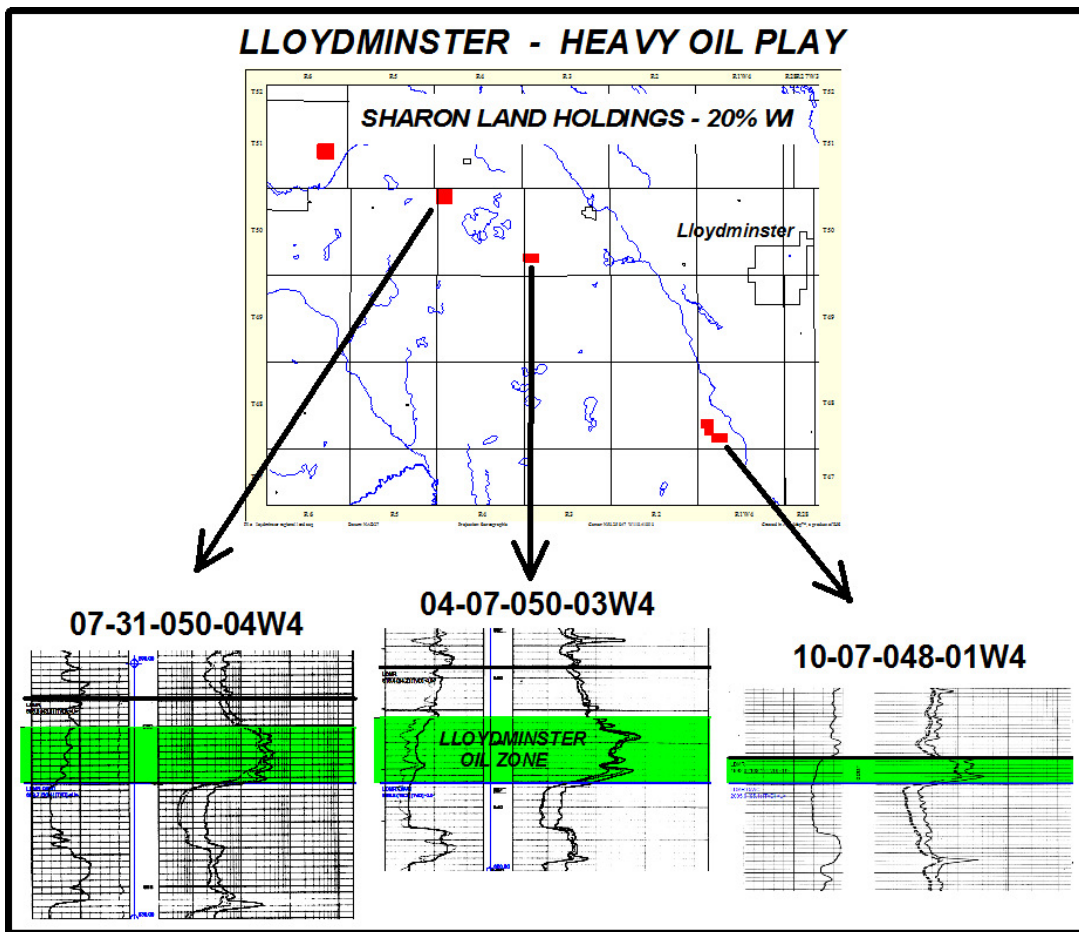
### **Canadian Exploration**

During the past year, Sharon participated in the acquisition of a land base in east central Alberta and adjacent areas of west central Saskatchewan. Some prospects with oil potential of particular note are:

#### **Lloydminster, Alberta:**

The Company acquired a 20% working interest in 2000 acres of land near an active developing oil play at Lloydminster. The adjacent section to the north of 400 acres of these lands is currently being developed. A well has been drilled, 250 meters north of Sharon's lease line, and is currently on production at a rate of 65 Bopd. This successful well to the north has reduced the risk of the lands and Sharon and its partners are now planning to drill at least one horizontal well on the property during this year. Horizontal wells in this area have commenced production at rates of 50 to 100 Bopd.

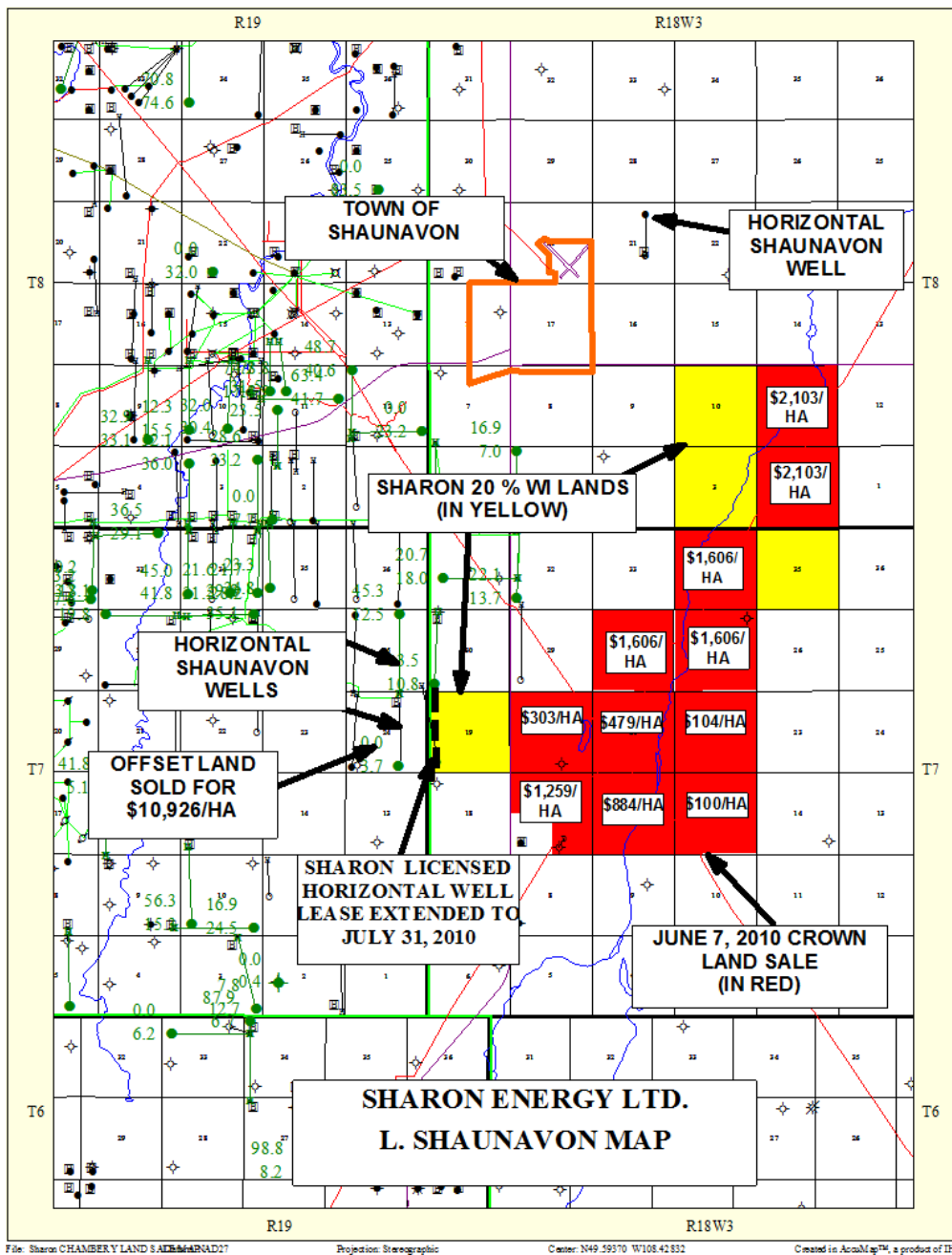
Sharon also has a 20% interest in approximately 1,600 acres on three other blocks of land, with potential for Lloydminster oil accumulations. The following map indicated the relative thickness of vertical wells already in the lands. The property next to a current development is Section 7-48-01 W4.



### Shaunovan, Saskatchewan Prospects

Sharon has a 20% working interest in approximately 8,100 acres (1,633 net acres), located in the lower Shaunovan fairway of west central Saskatchewan. One well is planned on the property in the next year.

The following map of Sharon's holdings in the lower Shaunovan area indicates the recent land sale values received by the Saskatchewan Government for sections adjacent to Sharon's.



## Birdbear, Saskatchewan Prospects

Sharon currently holds an average working interest of 17% in 2,250 acres (386 net 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.

## The Diaz/Tuscany Joint Venture

The management of Sharon has determined that the most economic way for Sharon to increase its Canadian oil production and reserve base is to operate and explore through a joint venture with two related junior oil and gas companies; Diaz Resources Ltd. and Tuscany Energy Ltd.

The companies will share their overhead and technical expenses in order to operate existing property and to identify and explore for new reserves. The companies have agreed to acquire new prospects initially on the basis of Sharon 25%, Diaz 45% and Tuscany 30%.

Management believes this would keep operating overhead expenditures to a minimum and allow the companies to commit more dollars to land acquisitions and exploration and development activities. This will allow the growth in production and reserves at the lowest cost per barrel of new reserves.

## Reserves and Reserve Values

The independent engineering evaluation of Sharon's properties assigned proved reserves before royalties of 115.6 MBOE and total reserves before royalties of 182.2 MBOE at March 31, 2010. These reserve estimates result in a before tax present value of estimated future net revenues, discounted at 10%, of \$3.2 million CDN. There is no assurance that this represents the fair value of the assets.

## Financial

Revenue from continuing operations for the year ended March 31, 2010, totaled \$365,000 compared with \$1.4 million for the prior year. Revenue from discontinued operations for the year totaled \$260,000 compared with \$2.9 million for the prior year. Cash flow from continuing operations for the year was negative \$175,000 compared with positive \$553,000 for the prior year. Cash flow from discontinued operations for the year was \$30,000 compared with \$1.7 million for the prior year. Net loss from continuing operations for the year was \$1.5 million compared with a loss of \$3.0 million for the prior year period. Both periods had an impairment to property, plant and equipment of \$1.0 million and \$2.0 million respectively. Net loss from discontinued operations for the year was \$9.5 million compared with a loss of \$1.3 million for the prior year. However, discontinued operations for the current year also has a \$7.0 million loss on the disposition of the U.S. subsidiary.

Capital expenditures for continuing operations for the year totaled \$315,000 compared with \$327,000 for the prior year. Capital expenditures for discontinued operations for the year totaled \$410,000 compared with \$4.0 million for the prior year. Capital expenditures were financed from working capital and cash flow.

Sharon exited the year with working capital of \$133,000 versus working capital from continuing operations of \$185,000 at the beginning of the fiscal year.

The MD&A and financial statements of Sharon Resources Ltd. for the year ended March 31, 2010 is available on SEDAR at [www.sedar.ca](http://www.sedar.ca) The following table summarizes the financial and operating results of Sharon from continuing operations for the year.

| <i>(Thousands, except per BOE, BOEd and per share amounts)</i>                                  | Years Ended |                   |
|---|-------------|-------------------|
|   | March 31    |                   |
|   | 2010        | 2009              |
| <b>Financial</b>  |             | <i>(Restated)</i> |
| Total revenue (net of royalty expense)  | \$ 365      | \$ 1,385          |
| Cash flow from operations   | \$ (175)    | \$ 553            |
| per share, basic and diluted  | \$ -        | \$ 0.01           |
| Loss for the period   | \$ (1,500)  | \$ (2,989)        |
| per share, basic and diluted  | \$ (0.02)   | \$ (0.04)         |
| Capital additions   | \$ 315      | \$ 327            |
| Dispositions  | \$ 611      | \$ -              |
| Working capital   | \$ 133      | \$ 185            |
| Total assets  | \$ 8,670    | \$ 18,514         |
| Total shares outstanding, at period end   | 74,004      | 74,086            |
| <b>Operations</b> (for continuing operations)   |             |                   |
| Production  |             |                   |
| Gas (Mcf)   | 194         | 308               |
| Oil (Bopd)  | 6           | 20                |
| BOEd (6 Mcf = 1 Bbl)  | 38          | 71                |
| Product Prices  |             |                   |
| Gas (\$/Mcf)  | \$ 3.86     | \$ 7.65           |
| Oil (\$/Bbl)  | \$ 63.14    | \$ 82.42          |
| Reserves (proved plus probable, future costs and prices)  |             |                   |
| Gas (Mmcf)  | 840         | 1,103             |
| Oil (MBbl)  | 42          | 32                |
| BOE (MBbls)   | 182         | 216               |
| Net present value of future net revenue, before tax discounted at 10% for continuing operations | \$ 3,152    | \$ 3,032          |
| Undeveloped land holdings (net acres)   | 7,287       | 6,355             |

## 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. Over the last few months oil prices have stabilized at relatively high levels and natural gas prices have recovered from the very low prices of the Fall of 2009. Sharon plans to use its strong financial base to focus its efforts on the development of oil prospects in Alberta and Saskatchewan.

*Financial Reporting – all numbers are reported in Canadian dollars.*

FOR FURTHER INFORMATION, PLEASE CONTACT:

*Robert W. Lamond, President & Chairman*

*Donald K. Clark, VP Operations*

Calgary, Alberta

SHARON ENERGY LTD.

Telephone: (403) 269-9889

Fax: (403) 269-9890

TSXV: SHY

*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).*

**NEITHER THE TSX VENTURE EXCHANGE NOR ITS REGULATION SERVICES PROVIDER  
(AS THAT TERM IS DEFINED IN THE POLICIES OF THE TSX VENTURE EXCHANGE)  
ACCEPTS RESPONSIBILITY FOR THE ADEQUACY OR ACCURACY OF THIS RELEASE.**