

FOR IMMEDIATE RELEASE

SEA DRAGON ENERGY INC. – FIRST QUARTER RESULTS

May 29, 2009 - Calgary, Alberta - Sea Dragon Energy Inc. (TSX VENTURE: SDX)

Sea Dragon Energy Inc. ("Sea Dragon" or "the Company"), an international junior oil and gas company, is pleased to announce its interim financial results for the three months ended March 31, 2009 and other disclosure documents.

Sea Dragon has filed its Financial Statements and related Management Discussion and Analysis for the first quarter ended March 31, 2009. Electronic copies of these documents may be obtained from SEDAR at www.sedar.com or from the Company's website at www.seadragon.ca

ABOUT SEA DRAGON ENERGY INC.

The Company is focused on the exploring for and developing of oil and gas properties, primarily in the Gulf of Suez, Egypt, through the 75% working interest it holds in the East Wadi Araba concession agreement (EWA Concession) and is currently investigating and pursuing other ventures, primarily in Egypt.

Financial statements and accompanying MD&A are available on SEDAR.

All figures are quoted in Canadian dollars unless otherwise noted.

During the first quarter of 2009 the company attained the following milestones:

- Completed drilling of the North Dahab Prospect (the 5-X well) on the East Wadi Araba ("EWA") concession in Egypt. The well was drilled to a final total depth of 9,750' MD/8,644' TVD utilizing the GSF #103 rig and was fully evaluated by drilling two well bores from the same surface location in order to test Miocene and Pre-Miocene targets. The well encountered two separate reservoirs in the Kareem and Rudeis formations and hydrocarbons were encountered however as the hydrocarbons did not meet the Company's economic criteria the well was plugged and abandoned.
- Entered into a letter of intent for an exclusive period with Dover Investments Limited to acquire, subject to applicable governmental approvals, the Ras El Ush concession which is situated in the Gulf of Suez, Egypt. Sea Dragon continues to evaluate the merits of this opportunity.
- Adopted a strategy to seek out producing or near to production properties, primarily in the North East region of Africa, concentrating on locations in Egypt. Sea Dragon has formed an "Opportunities Committee", comprised of directors and senior management and supported by consultants that have worked closely with the Company and have significant oil and gas exploration and development experience in this part of the world. The Committee has a mandate to seek out, assess and make recommendations on projects.
- During the first quarter and up to the date of this report, the Company has made a concerted effort to release the restrictions on the restricted cash balances.

RESULTS OF DRILLING AT THE EAST ARABA CONCESSION

During the first quarter of 2009 Sea Dragon assessed its exploration efforts on the EWA Concession in Egypt. On February 17, 2009 the Company announced that although hydrocarbons were found they were determined to be uneconomic. Management decided that with little time remaining prior to expiration no further exploration on the block would be undertaken. Consequently the Company wrote off the costs, direct and indirect, associated with the acquisition of and exploration in the EWA concession of \$20,408,609 for the year ended December 31, 2008 and \$10,599,250 for the three months ended March 31, 2009. These costs were

originally capitalized as property and equipment assets under the full cost method of accounting for oil and gas assets.

SELECTED FINANCIAL INFORMATION

Selected quarterly information	2009		2008		
	1 st Qtr	4 th Qtr	3 rd Qtr	2 nd Qtr	1 st Qtr
<i>\$/C 000, except share and per share information</i>					
Unrestricted cash balance (overdraft) at year-end	5,885	16,733	22,657	19	285
Working capital (deficiency)	(9,386)	10,096	22,697	(7,855)	(7,351)
Restricted cash	18,678	10,081	8,279	3,540	3,582
Capital expenditures	10,777	3,790	3,221		
Total assets	26,902	29,814	42,007	11,438	7,989
Shareholders' equity	11,286	22,868	41,947	3,526	325
Share capital	44,444	44,444	44,043	5,608	1,948
Common shares outstanding					
Basic	144,509,405	144,509,405	144,509,405	64,747,500	
Diluted	158,491,076	158,491,076	158,491,076	Note (1)	Note (1)
Weighted average common shares outstanding					
Basic	144,509,405	144,509,405	134,015,636	58,581,566	40,747,500
Diluted	158,491,076	158,491,076	143,056,693	Note (1)	Note (1)
Retained earnings (Deficit)	(34,678)	(23,013)	(3,873)	(3,225)	(2,767)
Cash flow from operations	(873)	(499)	(978)		(298)
Funds flow from operations ⁽²⁾	(836)	(277)	(575)		(203)
Basic, per share ⁽²⁾⁽³⁾	(\$0.006)	(\$0.002)	(\$0.004)		(\$0.050)
Net income (loss)	(11,665)	(19,140)	(648)	(458)	(1,080)
Basic, per share ⁽³⁾	(\$0.08)	(0.13)	(\$0.005)	(\$0.008)	(\$0.027)

⁽¹⁾ Diluted weighted average number of common shares outstanding, which is calculated with respect to daily stock trading prices was not available until the Company's common shares were listed on the Toronto Venture Exchange and stock prices became publicly available.

⁽²⁾ See the discussion concerning non-GAAP measures in the Management Discussion and Analysis for the interim period ended March 31, 2009, dated May 29, 2008.

⁽³⁾ Funds flow from operations per share and Net income per share are not calculated on a diluted basis as they are anti-dilutive.

THE TSX VENTURE EXCHANGE HAS NOT REVIEWED AND DOES NOT ACCEPT RESPONSIBILITY FOR THE ADEQUACY OR ACCURACY OF THIS RELEASE

FORWARD LOOKING STATEMENTS

This press release contains certain forward-looking statements. Some of the statements contained herein including, without limitation, financial and business prospects and financial outlooks of the Company may be forward-looking statements which reflect management's expectations regarding future plans and intentions, growth, results of operations, performance and business prospects and opportunities. Words such as "may", "will", "should", "could", "anticipate", "believe", "expect", "intend", "plan", "potential", "continue", and similar expressions have been used to identify these forward-looking statements. These statements reflect management's current beliefs and are based on information currently available to management. Forward-looking statements involve significant risk and uncertainties. A number of factors could cause actual results to differ materially from the results discussed in the forward-looking statements including, but not limited to, changes in general economic, political and market conditions and other risk factors. Although the forward-looking statements contained herein are based upon what management believes to be reasonable assumptions, management cannot assure that actual results will be consistent with these forward-looking statements. Investors should not place undue reliance on forward-looking statements. These forward-looking statements are made as of the date hereof.

Forward-looking statements and other information contained herein concerning the oil and gas industry and Sea Dragon's general expectations concerning this industry are based on estimates prepared by management using data from publicly available industry sources as well as from reserve reports, market research and industry analysis and on assumptions based on data and knowledge of this industry which Sea Dragon believes to be reasonable. However, this data is inherently imprecise, although generally indicative of relative market positions, market shares and performance characteristics. While Sea Dragon is not aware of any misstatements regarding any industry data presented herein, the industry involves risks and uncertainties and is subject to change based on various factors. See "Risk Factors."

Sea Dragon does not undertake any obligation to update publicly or revise any forward-looking statements contained in this or in any other document filed with Canadian securities regulatory authorities, whether as a result of new information, future events or otherwise, except as required by applicable securities laws.

Additional information related to the Corporation is filed on SEDAR at www.sedar.com.

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