

FOR IMMEDIATE RELEASE

SEA DRAGON ENERGY INC. – SECOND QUARTER RESULTS

August 28, 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 six months ended June 30, 2009 and other disclosure documents.

Sea Dragon has filed its Financial Statements and related Management Discussion and Analysis for the second quarter ended June 30, 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 acquisition, exploring for and developing of oil and gas properties, primarily in the Egypt and Northern Africa and is currently investigating and pursuing various opportunities.

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

All figures are quoted in Canadian dollars unless otherwise noted.

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

- On August 27th, 2009 the Company received notice from the Egyptian General Petroleum Corporation of the release of the EGPC Letter of Guarantee, thereby reducing the Company's restricted funds by US\$1,521,875.
- On August 19th, 2009 the Company announced that it had entered into a Sale and Purchase Agreement with Premier Oil Overseas BV pursuant to which the Company will acquire the entire issued capital of Premier Egypt (N W Gemsa) BV. The acquisition, will give the Company a 10% working interest in the North West Gemsa Concession ("North West Gemsa"), Eastern Desert, Egypt, which includes development and exploration rights. The cost of this acquisition is US\$12.5 million. The acquisition is subject to the necessary approvals from the Egyptian government.
- 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 second quarter and up to the date of this report, the Company has made a concerted effort to obtain the release of the restrictions on the restricted cash balances. This includes the repayment of the \$US5,860,000 line of credit using \$6,908,054, and negotiating a reduction of the TransOcean Letter of Guarantee from \$US6,500,000 to \$4,000,000. Subsequent to the second quarter, on August 10, 2009, the Company remitted the final payment to TransOcean and expects the Letter of Guarantee to be cancelled shortly thereafter.
- On February 17, 2009, the Company entered into a Letter of Intent with Dover Investments Limited ("Dover") to acquire 100% of the participating interest of the Gebel El Zeit Concession in Egypt that is currently owned by Dover. The Company has determined not to pursue this opportunity at this time.
- During the first quarter of 2009 the Company 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.

The joint venture has decided not to pursue any additional exploration activities and instead it will allow the Concession Agreement to expire on July 31, 2009.

Subsequent to the Second Quarter of 2009

- On August 14, 2009, the Company entered into a Sale and Purchase Agreement with Premier Oil Overseas BV pursuant to which The Company will acquire the entire issued capital of Premier Egypt (N W Gemsa) BV. The acquisition, will give the Company a 10% working interest in the North West Gemsa Concession ("North West Gemsa"), Eastern Desert, Egypt, which includes development and exploration rights. The cost of this acquisition is US\$12.5 million. The acquisition is subject to the necessary approvals from the Egyptian government.
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SELECTED FINANCIAL INFORMATION

<i>\$C 000, except share and per share information</i>	2009			2008		
	2 nd QTR	1 st Qtr	4 th Qtr	3 rd Qtr	2 nd Qtr	1 st Qtr
Unrestricted cash balance (overdraft) at year-end	2,118	5,885	16,733	22,657	19	285
Working capital (deficiency)	1,839	(9,386)	10,096	22,697	(7,855)	(7,351)
Restricted cash	6,613	18,678	10,081	8,279	3,540	3,582
Total assets	10,639	26,902	29,814	42,007	11,438	7,989
Shareholders' equity	10,237	11,286	22,868	41,947	3,526	325
Share capital	44,444	44,444	44,444	44,043	5,608	1,948
Common shares outstanding						
Basic	144,509,405	144,509,405	144,509,405	144,509,405	64,747,500	
Diluted	158,491,076	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	144,509,405	134,015,636	58,581,566	40,747,500
Diluted	158,491,076	158,491,076	158,491,076	143,056,693	Note (1)	Note (1)
Retained earnings (Deficit)	(35,818)	(34,678)	(23,013)	(3,873)	(3,225)	(2,767)
Cash flow from operations	(1,759)	(873)	(499)	(978)		(298)
Funds flow from operations ⁽²⁾	(1,864)	(836)	(277)	(575)		(203)
Basic, per share ⁽²⁾⁽³⁾	(0.013)	(\$0.006)	(\$0.002)	(\$0.004)		(\$0.050)
Capital expenditures	11,340	10,777	3,790	3,221		
Net income (loss)	(12,805)	(11,665)	(19,140)	(648)	(458)	(1,080)
Basic, per share ⁽³⁾	(0.09)	(\$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 June 30, 2009, dated August 14, 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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