



Sea Dragon Energy Inc.

Sea Dragon announces the acquisition of a 50% Working Interest in the Kom Ombo Area Block-2, Egypt

NOT FOR DISTRIBUTION TO U.S. NEWSWIRE OR FOR DISSEMINATION IN THE UNITED STATES

CALGARY, ALBERTA – (January 13th 2010) - Sea Dragon Energy Inc. (“Sea Dragon” or the “Company”) (TSX VENTURE:SDX) announces that its wholly owned subsidiary, Sea Dragon Energy (Kom Ombo) Ltd. has signed a Farm-out Agreement with Dana Gas Egypt Ltd. (“DGE”) pursuant to which Sea Dragon will acquire a fifty (50%) percent participating interest in the Kom Ombo (Block-2) Concession, located approximately 1,000 km south of Cairo on the West Bank of the Nile River. Sea Dragon’s acquisition of a participating interest in the Kom Ombo (Block-2) Concession is subject to the consent and approval of the responsible authority. The Kom Ombo (Block-2) Concession is held by Dana Gas PJSC, which is the successor company to Centurion Energy International Inc. who was originally awarded the Kom Ombo (Block-2) Concession.

The Kom Ombo (Block-2) Concession is a large exploration block (approximately 11,446 Sq. Km) which contains the Al-Baraka Development Lease. The Al-Baraka oil field is located in the Al-Baraka Development Lease and according to Sea Dragon’s internal estimates, has a discovered, undeveloped oil accumulation of approximately 100 million barrels of Original Oil in Place as Discovered Resources in two productive zones.

Four wells were drilled in the field of which three wells are currently on production at approximately 850 bopd. According to DGE’s latest Press Release, the fourth well drilled in the Al-Baraka field has encountered approximately 50 feet of oil pay in the previously defined reservoirs and some 25 feet of oil pay in a new reservoir. Preliminary testing of the new zone indicates the well to be capable of producing at a maximum rate of 1300 bopd. The Al-Baraka wells are shallow vertical wells (4500 feet) and the oil is light, 37 Degree API. Under the terms of the Al-Baraka Development Lease, the holders of the lease have the right to produce the field for a period of 20 years with possible extensions.

Future development plans for the Al-Baraka oil field include the drilling of some 30 development wells over the next several years. Horizontal drilling and specialized fracturing are the techniques being considered in order to maximize production rates and oil recovery.

According to Sea Dragon’s internal estimates, the Kom Ombo (Block-2) Concession currently has an additional 300 million barrels of Original Oil in Place as Undiscovered Resources in multiple oil zones. The Concession is currently in its third and final exploration phase which will end in 2012. A 280 sq. km 3-D seismic program is planned to be followed by a three-well exploratory drilling program targeting multi-level prospects away from the Al-Baraka field.

The total consideration paid by Sea Dragon to DGE is US\$45million subject to working capital adjustments. This consideration is to be paid in full by April 30,2010. Approximately US\$20million shall be cost recoverable by Sea Dragon out of future production revenue. As owner of a 50% participating interest in the Kom Ombo (Block-2) Concession, Sea Dragon will be required to pay its 50% share of future expenditures and is entitled to receive a 50% share of all future production revenues and 50% of all cost recoveries as specified in the Concession Agreement. Under the terms of the Farmout Agreement, Sea Dragon and DGE will jointly operate the Kom Ombo (Block-2) Concession.

Commenting on the acquisition of the Kom Ombo (Block-2) Concession, Mr. Said Arrata, Sea Dragon's Chairman and CEO said, "This is a very significant event in the growth cycle of our Company.. It marks our second success in aggressively acquiring discovered undeveloped resources with significant exploration upside. We are very excited about the development potential of the Al-Baraka Field. The Kom Ombo (Block-2) Concession is a very attractive and highly prospective concession block for which we have high expectations. We are looking forward to jointly operating this property with DGE and are optimistic that we can achieve significant production levels over the short term through the application of new technologies."

Sea Dragon is an international exploration and development company with a focus on North Africa and Sub-Saharan Africa and offices in Calgary, Canada and Cairo, Egypt.

For further information please see the website of the Company at www.seadragonenergy.com or the Company's filed documents at www.sedar.com.

Said Arrata
President, CEO and Director
(403) 457-5035

David Thompson
Senior Vice President and Director
(403) 457-5035

Scott Koyich
President, Brisco Capital Partners
(403) 262-9888
skoyich@briscocapital.com

Graeme Dick
Brisco Capital Partners
(403) 561-8989
graeme@briscocapital.com

Certain statements contained in this press release constitute "forward-looking statements" as such term is used in applicable Canadian and US securities laws. These statements relate to analyses and other information that are based upon forecasts of future results, estimates of amounts not yet determinable and assumptions of management. In particular, statements concerning the development of the Al Baraka field and exploration of the Kom Ombo (Block-2) Concession and events or projections referenced or implied herein should be viewed as forward-looking statements. References to "Prospective Resources" and "Contingent Resources" contained herein have the meaning ascribed thereto in the COGE Handbook. There is no certainty that any such resources will be commercially viable to produce any portion of the resources indicated.

Any statements that express or involve discussions with respect to predictions, expectations, beliefs, plans, projections, objectives, assumptions or future events or are not statements of historical fact and should be viewed as "forward-looking statements". Such forward looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Corporation to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such risks and other factors include, among others, costs and timing of exploration and production development, availability of capital to fund exploration and production development; political, social and other risks inherent in carrying on business in a foreign jurisdiction, the effects of a recessionary economy and such other business risks as discussed herein and other publicly filed disclosure documents. Although the Corporation has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. There can be no assurance that such statements will prove

to be accurate as actual results and future events could vary or differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements contained in this news release.

Forward-looking statements are made based on management's beliefs, estimates and opinions on the date the statements are made and the Corporation undertakes no obligation to update forward-looking statements and if these beliefs, estimates and opinions or other circumstances should change, except as required by applicable law.

This news release contains forward-looking statements based on assumptions, uncertainties and management's best estimates of future events. When used herein, words such as "intended" and similar expressions are intended to identify forward-looking statements. Forward-looking statements are based on assumptions by and information available to the Corporation. Investors are cautioned that such forward-looking statements involve risks and uncertainties. Actual results may differ materially from those currently anticipated. The forward-looking statements contained herein are expressly qualified by this cautionary statement.

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 THE RELEASE.