



**Sea Dragon Energy Inc. Announces C\$12.5 Million Bought Deal
Private Placement Equity Financing**

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CALGARY, ALBERTA -- (January 14, 2010) – Sea Dragon Energy Inc. (“Sea Dragon” or the “Corporation”) (TSX VENTURE: SDX) is pleased to announce that it has entered into an agreement with Thomas Weisel Partners Canada Inc., as lead underwriter on behalf of a syndicate of underwriters (collectively, the “Underwriters”) pursuant to which the Underwriters have agreed to purchase, on a bought deal private placement basis, 22,730,000 special warrants of the Corporation (“Special Warrants”) at a price of C\$0.55 per Special Warrant, for aggregate gross proceeds of C\$12,501,500 (the “Offering”).

In addition, the Underwriters will be entitled to an option (the “Over-Allotment Option”), exercisable in whole or in part prior to the closing of the Offering, at the sole discretion of the Underwriters, to purchase up to an additional 4,550,000 Special Warrants at a price of C\$0.55 per Special Warrant, for additional gross proceeds of up to C\$2,502,500.

Each Special Warrant will entitle the holder thereof to receive one common share of the Corporation (“Common Share”) on the exercise or deemed exercise of the Special Warrant. The Special Warrants will be exercisable by the holder at any time after the closing of the Offering for no additional consideration until the earlier of: (a) the third business day after a receipt is issued for a final prospectus qualifying the Common Shares to be issued upon the exercise of the Special Warrants by the securities regulatory authorities in each of the provinces of Canada where the Special Warrants are sold; and (b) four months and a day following the date of issue of the Special Warrants (the “Expiry Time”). Any Special Warrants not exercised prior to the Expiry Time will be deemed to have been exercised immediately prior to the Expiry Time without any further action on the part of the holder. If a receipt for the final prospectus is not obtained on or before April 1, 2010, each holder of a Special Warrant will, upon the exercise or deemed exercise of the Special Warrants, receive 1.05 of a Common Share for each Special Warrant so exercised.

The Corporation shall use its reasonable commercial efforts to obtain a receipt for a final prospectus qualifying the Common Shares to be issued upon the exercise of the Special Warrants. Until a receipt is issued for such prospectus, the Special Warrants as well as the Common Shares issuable upon exercise thereof will be subject to a four month hold period under applicable Canadian securities laws.

The net proceeds of the Offering will be used to finance the US\$8.0 million deposit of the Corporation’s previously announced acquisition of a fifty (50%) percent participating interest in the Kom Ombo (Block-2) Concession and working capital for general corporate purposes.

The Offering is expected to close around January 25, 2010. Completion of the Offering is subject to certain conditions including, but not limited to, the receipt of all necessary regulatory approvals including the approval of the TSX Venture Exchange. The securities to be issued under the Offering will be offered by way of private placement exemptions in all the provinces of Canada, offshore including in the United Kingdom pursuant to applicable exemptions and in the United States on a private placement basis pursuant to exemptions from the registrations requirements of the United States Securities Act of 1933, as amended.

This press release shall not constitute an offer to sell or the solicitation of an offer to buy any securities, nor shall there be any sale of securities in any state in the United States in which such offer, solicitation or sale would be unlawful. The securities referred to herein have not been and will not be registered under the United States Securities Act of 1933, as amended, and may not be offered or sold in the United States absent registration or an applicable exemption from registration requirements.

For further information please see the website of the Corporation at www.seadragon.ca or the Corporation's filed documents at www.sedar.com.

Sea Dragon is an international exploration and development company with a focus on the Middle East and an office in Cairo Egypt.

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Forward-Looking Information

Certain statements contained in this news release constitute "forward-looking statements" as such term is used in applicable Canadian securities laws, including statements concerning the Offering. Any statements that express or involve discussions with respect to predictions, expectations, beliefs, plans projections, objectives, assumptions or future events or performance (often, but not always, using words or phrases such as "expects" or "does not expect", "is expected", "anticipates" or "does not anticipate", "plans", "estimates" or "intends", or stating that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved) 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, results of ongoing discussions with respect to the Offering. 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 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. Additional information identifying risks and uncertainties is contained in filings of the Corporation with Canadian securities regulators, which filings are available under the Corporation's profile at www.sedar.com.