



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

## **SEA DRAGON PROVIDES AN OPERATIONAL UPDATE ON EGYPT AL OLA #2 WELL TESTS 2,825 BOPD**

**CALGARY, ALBERTA, OCTOBER 24, 2011 – Sea Dragon Energy Inc. (“Sea Dragon” or the “Company”)** (TSX VENTURE: SDX) is pleased to provide the following update on its operations in Egypt.

### **NW Gemsa Concession**

This concession is located on the west side of the Gulf of Suez some 300 km south east of Cairo. Two main oil fields are producing light oil, the Al Amir SE field along with the Al Ola extension to the south and the Geyad field to the north.

### **Al Ola-2 Well:**

The well was successfully drilled to its total depth of 10,552 feet, tested at 2,825 bopd and completed as an oil producer. This well was initially targeting the water leg of the Kareem Formation. Having encountered oil instead, suggests that the reservoir extends further west than originally anticipated. New geological mapping is currently being generated which should result in further increase in field reserves.

### **Geyad-D Well:**

The well is located on the Geyad development lease, approximately 735 meters ENE from the Geyad-2X surface location and 508 meters NNE of the Geyad-2St bottom hole location. Objective of the Geyad-D well is to access and drain an extension of the oil leg beyond the Geyad-2St. The proposed total depth for the well is 6,050 feet in the Upper Rudeis. The well is expected to spud within the next few days.

### **Water Injection:**

Water Injection is now underway. Two injection wells are now on stream in the Al Amir SE field at a combined rate of 8,150 bwpd. This marks the beginning of the water flood project which will result in significant increase in recoverable reserves and production levels from the field.

Current production from the Al Amir SE and Geyad fields is running steady at around 7,800 bopd (780 bopd net to Sea Dragon). Cumulative production from the NW Gemsa Concession has now exceeded 6.4 million barrels of 42 degree API Crude oil.

**Sea Dragon has a 10% working interest in the NW Gemsa Concession with Vegas at 50%, as operator, and Circle Oil PLC with 40%.**

### **Kom Ombo Concession:**

This concession is located in the southern part of Egypt some 1000 km. south of Cairo. It contains the Al Baraka oil field producing light oil from multiple formations.

### **Al Baraka Field:**

New Geological, geophysical and engineering studies have resulted in significant improvements in the mapping of various reservoirs. This will now enable better placement of new exploration and development wells.

Difficulties in securing an adequately sized rig due to higher than expected activity level will now slightly delay the resumption of our drilling campaign to the end of Q4, 2011 or early 2012. Five new wells are

planned (three development and two exploration). All tubulars and supplies have already been ordered and are now available.

Current production from the Al Baraka field is approximately 650 bopd (325 bopd net to Sea Dragon).

**Sea Dragon has a 50% working Interest and is a joint operator of the Kom Ombo Concession with Dana Gas owning the remaining 50%.**

Commenting on the latest developments on the Company's operations in Egypt, Company Chairman and CEO Mr. Said Arrata stated "We are very pleased with the continued success of our development plans in the NW Gemsa concession. Encountering oil pays in the Geyad#3 and Al Ola#2 wells will undoubtedly result in a significant increase in the reserves attributed to these two fields. As well, the results of our recent studies in Kom Ombo are very encouraging indeed and should provide good well selection for the upcoming drilling campaign. I am also pleased to report that our drilling and production operations in both concessions are running smoothly and without interruptions".

*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 events or projections referenced or implied herein should be viewed as forward-looking statements.*

*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 Company 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 Company 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 Company 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 Company. 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.*

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

Tony Anton  
President, COO and Director  
(403) 457-5035

Olivier Serra  
Chief Financial Officer and Director  
+331 5343 9442