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SEA DRAGON PROVIDES AN OPERATIONAL UPDATE ON EGYPT WATER-FLOODING OPERATIONS SUCCESSFUL IN AL AMIR SE FIELD

CALGARY, ALBERTA, DECEMBER 15, 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 southeast 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.

Water Injection:

Initial response to water-flooding operations has now been observed in the first row of producers namely Al Amir SE#6 Shagar well and Al Amir SE#4 Rahmi well. Cumulative injection to date is 690,000 barrels at a current rate of 9,900 bwpd in two injectors, Al Amir SE#7 and Al Amir SE#8 wells. With success in Al Amir SE field, we are now more confident on the future water flood potential in the Geyad field.

Geyad-4 Well (Previously Geyad-D):

Geyad-4 was spud on October 26, 2011 and successfully drilled to a total depth of 6,830 feet. The objective of this well was to appraise the oil potential up-dip from Geyad-2St in the Shagar and Rahmi zones of the Kareem Formation. The well encountered 2.5 feet of possible pay in the shallow South Gharib heavy oil reservoir before encountering a fault and sidetracked twice to the southwest, closer to Geyad-2St.

The Rahmi zone was penetrated in the second sidetrack in Geyad-4st2, 100 feet higher than in the Geyad-2st well, thus allowing better access to the Rahmi oil reserves. The Rahmi zone was perforated in the interval 6,340-6,395 feet and flowed oil and gas on test at a rate of 380 bopd and 0.84 mmscf/d respectively, on 24/64” choke. The Geyad-4st2 well will be placed on production soon and is well positioned to benefit from water injection in the Geyad #5 well, expected to commence shortly.

Al Ola-2:

The previously tested Al Ola-2 well remains shut-in at this time as we await Government approval for extending the Al Amir SE Development Lease to the south and west of the current lease boundary, to include Al Ola 1 and 2 oil wells.

Production:

Current production from the Al Amir SE and Geyad fields is running steady at around 7,500 bopd (750 bopd net to Sea Dragon). Cumulative production from the NW Gemsa Concession has now exceeded 6.8 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 1,000 km south of Cairo. It contains the Al Baraka oilfield, producing light oil from multiple reservoirs and an exploration area of 11,400 km².

Drilling rig tenders have been sent out for the upcoming five well program and negotiations are currently underway to finalize and sign the rig contract. Mobilization to Kom Ombo is expected to take place in January with the first well anticipated to spud in early February, 2012.

Two exploration wells will be drilled which will fulfill our exploration commitment. Three additional development wells are planned, primarily targeting large reserves in the Kom Ombo Formation.

Current production from the Al Baraka field is approximately 620 bopd (310 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%.

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.

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