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

SEA DRAGON ENTERS INTO AGREEMENT TO ACQUIRE OIL & GAS ASSETS IN EGYPT

CALGARY, ALBERTA, January 8, 2012 – Sea Dragon Energy Inc. **("Sea Dragon"** or the **"Company") (TSX VENTURE: SDX)** is pleased to announce that it has entered into an arm's length share purchase agreement (the "**Purchase Agreement**") with Golden Crescent Investments Ltd. ("**Golden Crescent**"), whereby an indirect wholly-owned subsidiary of Sea Dragon will acquire (the "**Acquisition**") all of the issued and outstanding shares of National Petroleum Company Egypt Limited ("**NPC Egypt**"), for consideration of US$60,000,000 in cash (the "**Cash Consideration**") and the issuance of 350,000,000 common shares of Sea Dragon to be issued to Golden Crescent at the closing of the Acquisition, at a deemed price of US$0.25 per share (the "**Share Consideration**"), subject to any adjustments made in accordance with the terms of the Purchase Agreement (the "**Closing Consideration**").

Said Arrata, Chairman and CEO of Sea Dragon commented on the acquisition transaction: "This is a transformational transaction for the future of Sea Dragon and indicates the Company's commitment to grow in Egypt and elsewhere in the region. The transaction, which will result in the acquisition of a 100% operated participating interest in three concessions and a 12.75% non-operated working interest in a fourth concession brings with it additional proved plus probable reserves, additional production and considerable upside in terms of the low risk, near term development of the Muzhil field. There is also considerable exploration potential in the NEM Concession, the SAZ Concession and the SHM Concession. These assets are complementary to Sea Dragon's existing Egyptian assets and will enable Sea Dragon to continue its goal to be a leading independent oil production company in Egypt."

Strategic Rationale and Acquisition Highlights

Upon closing the Acquisition, the Company will become the sole owner and operator of three oil and gas concessions in Egypt. In addition, the Company will acquire a 12.75% participating interest in the South Ramadan Concession and will hold rights to a 100% participating interest in a fifth concession pending ratification of such concession award and related concession agreement by the People's Assembly of Egypt.

The Acquisition is underpinned by existing production from the Shukheir Bay Area in the Shukheir Marine Concession, the low risk development of the Muzhil oil field in the South Abu Zenima Concession, which is forecast to produce 6,200 bopd when it comes on-stream (anticipated by Sea Dragon to occur in the first quarter of 2013), and a significant inventory of exploration and development prospects.

In 2012, the Company is expected to complete the installation of an offshore production platform and the pipelines needed to bring first oil from the Muzhil field, with production wells to be tied in and brought onstream during the first quarter of 2013. The SAZ-2 prospect will also be tested with an exploration well planned in 2013.

Management expects that the Acquisition will provide the following benefits to Sea Dragon:

- The Company will gain operatorship of three concessions, all of which will be 100% indirectly owned by the Company, providing Sea Dragon with a strong position for future growth. In addition, the Company will gain a 12.75%-participating interest in the South Ramadan Concession.

- Sea Dragon expects to strengthen its Egypt-based operations by integrating the key personnel of Petzed Investment and Project Management Ltd., a wholly-owned subsidiary of Golden Crescent.

- The Company will consolidate a balanced portfolio of assets encompassing:

  - approximately 9.4 MMbbl (100% light and medium crude oil) of proved plus probable reserves as estimated by independent reserves evaluators more than doubling the Company's existing reserves;

- approximately 650 Bbl/d of current production, increasing the Company's existing production by approximately 65%;

- approximately 16.6 MMBOE of prospective resources attributable to the NEM Concession as estimated by certain members of management of the Company and approximately 91.3 MMstb of prospective resources attributable to the SAZ Concession as estimated by Ryder Scott Company - Canada;

- low risk, near-term development of the Muzhil field**,** which has been drilled and appraised and is awaiting completion of a platform, pipeline and well tie-in to commence production, which production is currently expected by Sea Dragon's management to commence the first quarter of 2013; and

- near -term exploration, with the SAZ-2 well expected to spud in 2013.

The Acquisition

On January 6, 2012, the Company entered into the Purchase Agreement providing for the indirect acquisition by the Company of all of the issued and outstanding shares of NPC Egypt from Golden Crescent. Upon completion of the Acquisition, NPC Egypt will become an indirect wholly-owned subsidiary of the Company.

Following completion of an internal corporate reorganization of Golden Crescent which is a condition to the closing of the Acquisition (the "**Pre-Closing Reorganization**"), NPC Egypt will beneficially own and control all of the issued and outstanding shares of the following subsidiaries, which subsidiaries own the participating interests in the concessions set out beside their respective names:

SUBSIDIARY	**CONCESSION**	**PARTICIPATING INTEREST**
National Petroleum Company South Abu Zeneima Ltd.	South Abu Zenima ("**SAZ Concession**") Includes the Muzhil field and SAZ-2 prospect	100%
National Petroleum Company Shukheir Marine Ltd.	Shukheir Marine (the "**SHM Concession**") Includes the Shukheir Bay and Gamma fields	100%
National Petroleum Company North El Maghara Ltd.	North El Maghara (the "**NEM Concession**")	100%
National Petroleum Company East Kheir Ltd.	East Kheir (the "**EK Concession**")	100% (subject to ratification by the People's Assembly of Egypt)
National Petroleum Company South Ramadan Limited	South Ramadan (the "**SR Concession**").	12.75%

Subject to any adjustments made in accordance with the terms of the Purchase Agreement, the Closing Consideration will consist of the Cash Consideration and the Share Consideration. The issue price and number of common shares comprising the Share Consideration is subject to adjustment pursuant to the Purchase Agreement to ensure that Golden Crescent will hold not less than 20% of the issued and outstanding common shares of Sea Dragon at the closing date of the Acquisition. Concurrent with the execution of the Purchase Agreement, Sea Dragon delivered US$2,500,000 into escrow, as an initial deposit against the payment of the Cash Consideration.

Pursuant to the Purchase Agreement, for so long as Golden Crescent holds not less than 10% of the issued and outstanding common shares of the Company, Golden Crescent is entitled to designate one nominee for election to the Board of Directors of the Company. The Purchase Agreement also provides Golden Crescent with pre-emptive rights, subject to certain exceptions set out in the Purchase Agreement, to purchase or subscribe for additional common shares of the Company to maintain its pro rata equity percentage in Sea Dragon and certain prospectus and piggy-back rights, all as further described in the Purchase Agreement.

In addition, at the closing of the Acquisition, Sea Dragon has agreed to grant to Golden Crescent a 20.0% after payout net profits interest from production attributable to the Muzhil field (located in the SAZ Concession) and a 17.5% after payout net profits interest from production attributable to the balance of the SAZ Concession (the "**Net Profits Interest**"). After payout refers to positive cash flow after the Company has recovered all capital expenditures invested by the Company in the Muzhil field, or the SAZ Concession, as applicable.

In the event that the Acquisition is not completed as a result of: (i) the failure of the Company to obtain shareholder approval of the issuance of the Share Consideration to Golden Crescent, which will result in Golden Crescent becoming a control person of Sea Dragon; (ii) the failure of the Company to obtain the approval of the TSX Venture Exchange for the Acquisition; (iii) the board of directors of the Company withdrawing, modifying or changing its recommendation to shareholders to vote in favour of the Acquisition or otherwise making a recommendation that is adverse to the completion of the Acquisition; or (iv) the failure of Sea Dragon to demonstrate within 60 days of the date of the Purchase Agreement that it has sufficient funds to pay the Cash Consideration, Sea Dragon shall pay a US$2,500,000 termination fee to Golden Crescent. In the event that the Acquisition is not completed as a result of the acceptance of a superior proposal for the assets owned by Golden Crescent, Golden Crescent shall pay Sea Dragon a US$2,500,000 termination payment.

Subject to the satisfaction or waiver of all conditions set forth in the Purchase Agreement, it is currently anticipated that the closing of the Acquisition will occur in late February 2012 or early March 2012. A copy of the Purchase Agreement is filed under the Company's SEDAR profile at www.sedar.com.

Special Meeting of Shareholders

Assuming completion of the Acquisition, it is anticipated that Golden Crescent, will own and control, directly or indirectly, not less than 20% of the issued and outstanding common shares of Sea Dragon. In accordance with the policies of the TSX Venture Exchange, a special meeting (the "**Meeting**") of the holders of common shares of the Company ("**Shareholders**") will be held on or before February 29, 2012 to approve the issuance of the Share Consideration, together with Golden Crescent becoming a control person of the Company. In addition, the Shareholders will be asked to pass a special resolution to approve a consolidation of the common shares of the Company on a ratio of not greater than a 10 for one basis (the "**Share Consolidation**"), which Share Consolidation is anticipated to be effected after the closing of the Acquisition.

In connection with the Meeting, the Company will prepare a management information circular to be mailed to the Shareholders providing additional information regarding the issuance of the Share Consideration and the Share Consolidation. It is currently anticipated that the circular will be mailed to Shareholders near the end of January 2012. The closing of the Acquisition is conditional upon, among other things, obtaining requisite shareholder approvals at the Meeting.

NPC Egypt Concessions

The following is a brief description of the various Egyptian concessions that the Company will acquire pursuant to the Acquisition.

The SAZ Concession

The SAZ Concession is located offshore in the central eastern part of the Gulf of Suez at water depths ranging from 30 to 70 m, and includes both development acreage (39 km^2) and exploration acreage (21 km^2), covering a total area of 60 km^2. The SAZ concession agreement is currently in its third and final exploration phase, which will expire on January 15, 2012 at which time the remainder of the total area within the SAZ Concession not then converted to a development lease must be relinquished to the Egyptian Government.

Muzhil Field

There is a development lease in connection with the Muzhil field. The total area of the lease is currently approximately 39 km^2. While the development lease for the Muzhil field was initially approved by Egyptian General Petroleum Corporation ("**EGPC**") with the condition that first oil be delivered within four years of the date of commercial oil discovery (being June 1, 2011), EGPC further approved an extension of the first oil deadline by one year to June 2012. The project has not yet commenced operations. Accordingly, the first oil deadline is not expected to be met and NPC SAZ may be required to relinquish further development blocks. A formal request has been submitted for a further extension of the first oil deadline to July 2013. There is no assurance that a further extension will be granted.

The SHM Concession

Shukheir Bay Field

The Shukheir Bay Field, which covers a shallow offshore water area of five km^2, was originally discovered in 1980 through the drilling of a deviated well, which indicated oil in the Miocene Lower Rudeis sandstones. Subsequently, five additional deviated wells were drilled. The Shukheir Bay field is currently producing oil through two wells with average daily rates of 600 Bbl/d, which is transferred to General Petroleum Company's Shukheir gathering station at the western onshore Shukheir area via three 2.2 km/4 inch pipelines for treatment (initial degassing and dewatering). The treated oil is then pumped to GPC's facilities in the Um El Yusr station for further treatment before export.

Gamma Field

The Gamma Field, which covers an area of 23.7 km^2 of shallow offshore water in depths from 0 to 70 m, is located approximately 10 km to the northwest of the Gebel El-Zeit mountain range. The Gamma Field was originally discovered in 1987 through the drilling of an exploration well, which tested oil from the Miocene Kareem formation and Cretaceous Nubia sandstones. Subsequently, eight additional wells were drilled in the Gamma Field. The last well drilled in 2009 (East Wadi Dara–1 ST) ceased production within the period of a month and is currently shut-in.

Currently the Gamma Field is producing oil (44° API) from the Miocene Kareem formation sandstones in the GA-1 well, with an average daily rate of 60 Bbl/d. Oil produced from the Gamma Field is transferred to the western onshore Wadi Dara processing facilities for complete treatment through an 8 inch subsea pipeline. It is then shipped to the GPC Shukheir gathering station via a 22 km/6 inch pipeline. A 17.9 km multi-size pipeline (6 inch/8 inch/10 inch) then transfers the treated oil to the GPC facilities in the Um El Yusr station (note that treated crude oil from the Wadi Dara processing facility bypasses the GPC Shukheir and Um El Yusr stations and only uses their pipeline network), which is then delivered to the Ras Gharib terminal, via a 19 km/12 inch pipeline.

The NEM Concession

The NEM Concession, which currently covers an area of 2,334 km^2, is located in the North Sinai onshore area, bounded by Gebel El Magharah from the south and the Mediterranean shore line from the north. Infrastructure in the northern part of the NEM Concession includes the 36 inch Inter-Sinai National Gas Pipeline and the national asphalt coastal road to El Arish.

The SR Concession

The SR Concession comprises an offshore field having an area of 26 km^2. It is located in the southern part of Gulf of Suez, in an area bounded by the Morgan oil field to the southeast, the Ramadan field to the northwest and the onshore Ras Gharib field to the west.

The EK Concession

The EK Concession, which is located offshore along the western side of the southern part of Gulf of Suez, covers an area of 53 km^2 in water depths ranging from 0 to 72 m. The EK Concession and related concession agreement has not yet received ratification by the People's Assembly of Egypt.

NPC EK has not yet undertaken any detailed exploration activities in respect of the EK Concession except for a re-interpretation of existing 2D seismic data.

2012 Budget and Work Program

The Company also announces that its Board has approved its capital expenditure program (the "**Capex Program**") for the 2012 financial year and the first quarter of 2013. The Capex Program contemplates US$75,000,000 of expenditures for the following: (i) a US$12,000,000 work program for 2012 required for the Company's existing assets; (ii) the expected development costs of the Muzhil field up to first oil being reached in the amount of US$60,000,000, which management anticipates will occur during the first quarter of 2013; and (iii) up to US$3,000,000 in exploration studies related to the NEM Concession. The Capex Program is anticipated to be financed by the Company's credit facility and funds from operations. The Company also anticipates partially funding up to US$15,000,000 in general and administrative expenses from other sources.

The Capex Program contemplates participation in the drilling of 12 wells and the completion of the installation of an offshore production platform and the pipelines needed to bring first oil from the Muzhil field on stream. The SAZ-2 prospect is expected to be tested with an exploration well, planned in 2013. The work program for the Company's NW Gemsa concession is expected to consist of the drilling of 4 producer wells and 3 water injectors and a gas conservation project. The work program for the Company's Kom Ombo concession is expected to consist of the drilling of 2 exploratory wells, 3 producer wells, 1 pilot water injection project and 3 recompletions.

Trading Halt

Pursuant to the policies of the TSX Venture Exchange (the "**Exchange**"), the Acquisition is a "fundamental acquisition" and accordingly, pursuant to such policies, the common shares of the Company will be halted from trading on the Exchange pending receipt and review by the Exchange of acceptable documentation regarding the Acquisition.

Reserve and Resource Disclosure

The reserves data for NPC Egypt and Sea Dragon set forth in this press release is based upon the following reports which have been prepared by Ryder Scott Company – Canada ("**Ryder Scott**") and Gaffney, Cline & Associates ("**Gaffney Cline**"), each an "independent qualified reserves evaluator" (as such terms are defined in National Instrument 51-101 – Standards of Disclosure for Oil and Gas Activities ("**NI 51-101**")) in accordance with NI 51-101 and the COGE Handbook:

(i) the reserve report dated October 4, 2011 with an effective date of September 30, 2011 prepared by Ryder Scott for Sea Dragon, which estimates the reserves, future production and income attributable to the SAZ Concession;

(ii) the reserve report dated October 4, 2011 with an effective date of September 30, 2011 prepared by Ryder Scott for Sea Dragon, which estimates the reserves, future production and income attributable to the SHM Concession;

(iii) the reserve report dated February 25, 2011 with an effective date of December 31, 2010 prepared by Ryder Scott, which evaluates the proved and probable crude oil reserves attributable to Sea Dragon's participating interest in the NW Gemsa Concession and the net present value of estimated future cash flows from such reserves based on forecast prices and costs; and

(iv) the reserves report dated March 11, 2011 with an effective date of December 31, 2010 prepared by Gaffney Cline, which evaluates the proved, probable and possible crude oil reserves attributable to Sea Dragon's participating interest in the Kom Ombo Concession and the net present value of estimated future cash flows from such reserves based on forecast prices and costs.

There are numerous uncertainties inherent in estimating quantities of reserves. The reserve information set out in this press release are estimates only and there is no guarantee that the estimated reserves will be recovered. Actual reserves may be greater than or less than the estimates provided herein. See *"Risk Factors"* in the Company's Annual Information Form filed on the Company's SEDAR profile at www.sedar.com.

Proved reserves are those reserves that can be estimated with a high degree of certainty to be recoverable. There is a 90% probability that the quantities actually recovered will equal or exceed the estimated proved reserves. Probable reserves are those additional reserves that are less certain to be recovered than proved reserves. There is a 50% probability that the quantities actually recovered will equal or exceed the estimated proved plus probable reserves.

The resources estimates for NPC Egypt set forth in this press release are based upon the following reports which have been prepared by Ryder Scott and internally by certain members of management of Sea Dragon, each of whom is a "qualified reserves evaluator" (as such term is defined in NI 51-101), by and in accordance with NI 51-101 and the COGE Handbook:

(i) resource report dated October 4, 2011 with an effective date of September 30, 2011 prepared by Ryder Scott for Sea Dragon, which evaluates the undiscovered resource potential pertaining to certain acreage interests of NPC Egypt in the SAZ Concession; and

(ii) the resource report dated October 31, 2011 with an effective date of October 31, 2011, prepared internally by certain members of management of Sea Dragon, which evaluates the undiscovered hydrocarbon resources attributable to NPC Egypt in the NEM Concession.

There is no certainty that any portion of these resources will be discovered. If discovered, there is no certainty that it will be commercially viable to produce any portion of the resources.

The resource estimates presented above are subject to certain risks and uncertainties, including those associated with the drilling and completion of future wells, limited available geological and geophysical data and uncertainties regarding the actual production characteristics of the reservoirs, all of which have been assumed for the preparation of the resource estimates. In addition, significant negative factors related to the prospective resource estimate include: (i) a lack of infrastructure in the SAZ Concession area; (ii) the limited drilling history and success in the SAZ Concession area; (iii) the relinquishment requirements under the SAZ Concession Agreement; and (iv) the capital expenditures required to satisfy NPC SAZ's obligations under the SAZ Concession and its proposed drilling and exploration program. Additional risk factors are also identified under the heading "Risk Factors" in the Company's Annual Information Form filed on the Company's profile at www.sedar.com.

BOEs may be misleading, particularly if used in isolation. A BOE conversion ratio of 6Mcf:1bbl is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead.

About Sea Dragon Energy Inc.

Sea Dragon is an international exploration and development company with a focus on the Middle East and an office in 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
Chairman, CEO and Director
(403) 457-5035

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

Olivier Serra
CFO and Director
+331 5343 9442

This news release does not constitute an offer to sell or the solicitation of an offer to buy any securities in the United States, in any province or territory of Canada or in any other jurisdiction.

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.

SPECIAL NOTE REGARDING FORWARD-LOOKING INFORMATION

This press release contains certain statements or disclosures relating to Sea Dragon that are based on the expectations of Sea Dragon as well as assumptions made by and information currently available to Sea Dragon which may constitute forward-looking information under applicable securities laws. All such statements and disclosures, other than those of historical fact, which address activities, events, outcomes, results or developments that Sea Dragon anticipates or expects may, or will occur in the future (in whole or in part) should be considered forward-looking information. In some cases, forward-looking information can be identified by terms such as "forecast", "future", "may", "will", "expect", "anticipate", "believe", "potential", "enable", "plan", "continue", "contemplate", "pro-forma", or other comparable terminology. In particular, this press release makes reference to the expected completion of the Acquisition and the Pre-Closing Reorganization, including the ability of the Company to satisfy all necessary conditions to the closing of the Acquisition, the ratification of the EK Concession, the anticipated benefits of the Acquisition, crude oil reserve and resource volumes associated with the properties to by acquired, expected production from the properties to be acquired pursuant to the Acquisition, timing of exploration and production activities, the number of shares held by Golden Crescent upon completion of the Acquisition, timing of the Meeting and the Capex Program. Readers are cautioned that there is no assurance that the transactions referenced herein will proceed. Certain conditions must be met before the Acquisition can be completed. Such conditions include the completion of the Pre-Closing Reorganization, the receipt of all necessary regulatory approvals, including the approval of the TSX Venture Exchange, approval of the shareholders of the Company, Sea Dragon obtaining sufficient funds to finance the Acquisition and ratification by the People's Assembly of Egypt of the EK Concession. There is no assurance that the required approvals will be received and there is therefore no assurance that the Acquisition will be completed in the time frame anticipated or at all. Many factors could cause the performance or achievement by Sea Dragon to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements. These factors include the failure to obtain the required approvals, including shareholder approval and approval of the TSX Venture Exchange and changes to economic conditions. Readers are cautioned that the foregoing list of factors is not exhaustive. Statements relating to "reserves" or "resources" are deemed to be forward-looking statements, as they involve the implied assessment, based on certain estimates and assumptions, that the reserves and resources described can be profitably produced in the future. The forward-looking statements contained in this press release are expressly qualified by this cautionary statement. The Company is not under any duty to update any of the forward-looking statements after the date of this press release or to conform such statements to actual results or to changes in the Company's expectations and the Company disclaims any intent or obligation to update publicly any forward-looking statements, whether as a result of new information, future events or results or otherwise, other than as required by applicable securities laws.