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**INTERNATIONAL FINANCE CORPORATION CONSIDERS
US\$40 MILLION FINANCING FOR SEA DRAGON**

CALGARY, ALBERTA, January 31, 2012 - Sea Dragon Energy Inc. (“Sea Dragon” or the “Company”) (TSX VENTURE: SDX) is pleased to announce that International Finance Corporation (“**IFC**”) is considering a proposed investment of up to US\$40 million (the “**IFC Financing**”). The proposed IFC Financing consists of a US\$20 million investment in Sea Dragon common shares by way of a private placement and a US\$20 million loan.

The proceeds of the IFC Financing will be used to finance capital expenditures for Sea Dragon’s existing assets, the proposed acquisition by Sea Dragon of 5 oil & gas concessions currently owned by National Petroleum Company (“**NPC**”) and future capital expenditures for the acquired assets. Full investment disclosure regarding this project is available on the IFC website: www.ifc.org.

The IFC Financing is subject to the Company securing additional funding to close the announced acquisition of NPC and to finance future capital expenditures, receipt of IFC Board approval (following the completion of a required 60 day public disclosure period), receipt of applicable Canadian securities and regulatory and stock exchange approvals and the finalization of relevant subscription and loan documentation.

CEO Comment

Said Arrata, Chairman and CEO of Sea Dragon commented: “We are very pleased that the IFC is proposing to invest in Sea Dragon’s current activities and the Company’s strategic initiative to acquire NPC. The IFC will provide long term support to the Company and our investments in Egypt. We worked alongside the IFC during the course of their due diligence and we are grateful for their mark of confidence in the team and our strategy in Egypt.”

About IFC

IFC, a member of the World Bank Group, is the largest global development institution focused exclusively on the private sector. IFC helps developing countries achieve sustainable growth by financing investment, providing advisory services to businesses and governments, and mobilizing capital in the international financial markets. In fiscal 2011, amid economic uncertainty across the globe, IFC helped its clients create jobs, strengthen environmental performance, and contribute to their local communities—all while driving investments to an all-time high of nearly \$19 billion. For more information, visit www.ifc.org.

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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 completion of an equity and debt financing by IFC to the Company. Readers are cautioned that there is no assurance that IFC will make an equity investment or provide loan funding to the Company. Certain conditions must be met before the IFC investments can occur. There is no assurance that the conditions will be met or that such funding 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.

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