

Form 51-102F3

MATERIAL CHANGE REPORT

1. Name and Address of the Company

Sea Dragon Energy Inc. (the "Corporation")
Suite 700, 205 - 5th Ave. S.W.
Calgary, Alberta
T2P 2V7

2. Date of Material Change

July 15, 2008

3. News Release

A news release with respect to the material change referred to in this report was issued by the Corporation through Marketwire on July 15, 2008 and was filed by SEDAR with the British Columbia Securities Commission, the Alberta Securities Commission, the Ontario Securities Commission and the TSX Venture Exchange.

4. Summary of Material Change

The Corporation completed its initial public offering of common shares, raising gross proceeds of \$35,000,000. A total of 58,333,334 common shares were issued at a price of \$0.60 per common share. The Corporation also received approval from the TSX Venture Exchange (the "TSXV") for the listing of its common shares on the TSXV.

5. Full Description of Material Change

The Corporation completed an initial public offering (the "Offering") of 58,333,334 common shares at a price of \$0.60 per common share for gross proceeds of \$35,000,000. The Offering was led by Salman Partners Inc. with a syndicate of agents that included Thomas Weisel Partners Canada Inc. and Fraser Mackenzie Limited (the "Agents"). The Corporation granted to the Agents an option to purchase additional common shares, at \$0.60 per Share, equal to 15% of the number of common shares sold pursuant to the Offering for a period expiring 30 days following the closing of the Offering, to cover over-allotments, if any, and for market stabilization purposes.

The Corporation also received approval from the TSXV on July 14, 2008 for the listing of its common shares on the TSXV which commenced trading thereon on July 17, 2008. The common shares are listed and posted for trading on the TSXV under the stock symbol "SDX".

The net proceeds of the Offering will be used to fund exploration activities in the East Wadi Araba Concession in which the Corporation holds a 75% working interest.

Upon closing of the Offering, the Corporation's outstanding \$7.5 million principal amount of convertible debentures were automatically converted into 21,428,571 common shares. Following closing of the Offering and the conversion of the outstanding convertible debentures, Sea Dragon has 144,509,405 common shares issued and outstanding.

The Corporation will send a copy of this material change report to any shareholder who requests a copy of it.

6. **Reliance on subsection 7.1(2) or (3) of National Instrument 51-102**

This report is not being filed on a confidential basis.

7. **Omitted Information**

No significant facts have been omitted from this report.

8. **Executive Officer**

David M. Thompson, President & Chief Executive Officer of the Corporation, is knowledgeable about the material change and may be reached at 403 705-3403.

9. **Date of Report**

DATED this 23rd day of July, 2008.

(signed) "David M. Thompson"
David M. Thompson
President & Chief Executive Officer