

Form 51-102F3

MATERIAL CHANGE REPORT

1. Name and Address of the Company

Sea Dragon Energy Inc. (“Sea Dragon” or the “Company”)
340 – 12th Avenue SW
Calgary, Alberta
T2R 1L5

2. Date of Material Change

February 17, 2009

3. News Release

A news release was disseminated on February 17, 2009 through Marketwire 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 Company has drilled and evaluated the Dahab North Prospect in the EWA Concession (as hereinafter defined) and has determined that although the well encountered two separate reservoirs in the Kareem and Rudeis formations and hydrocarbons were encountered, the hydrocarbons did not meet the Company’s economic criteria. The Company is currently performing plug and abandonment operations and will consider additional drilling on the EWA Concession as it further assesses the results of the recent drilling and awaits interpretation of the results from a well that is currently being drilled from the adjoining concession – South Warda.

The Company has announced two separate production and development deals with Dover Investments Limited and Prevail Energy Ltd. as described in its press release disseminated on February 17, 2009.

5. Full Description of Material Change

The Company holds a 75% working interest in the East Wadi Araba Concession (“EWA Concession”) pursuant to the deed of assignment awarded by the Arab Republic of Egypt and Egyptian General Petroleum Corporation for the purposes of the exploration and exploitation of petroleum. The Company has identified four prospects within the EWA Concession, one of which is the “Dahab North Prospect”. The Dahab North Prospect was drilled by the Company to a final total depth of 9,750’ MD/8,644’ TVD utilizing the GSF #103 rig. The Dahab North Prospect has been fully evaluated by drilling two well bores from the same surface location in order to test Miocene and Pre-Miocene targets. The well encountered two separate reservoirs in the Kareem and Rudeis formations and hydrocarbons were encountered however, the hydrocarbons did not meet the Company’s economic criteria. As a result of this, the Company is currently performing plug and abandonment operations. The Company will consider additional drilling on the EWA Concession as it further assesses the results of the recent drilling and also awaits interpretation of the results from a well that is currently being drilled from the adjoining concession - South Warda.

Sea Dragon has entered into a letter of intent for an exclusive period with Dover Investments Limited to acquire, subject to applicable governmental approvals, the Ras El Ush concession which is situated in the Gulf of Suez, Egypt. The Ras El Ush concession is a producing concession situated offshore in the Gulf of Suez and it currently produces approximately 1,000 BOPD of production which would generate immediate cash flow to the Company upon closing of the transaction. The Company has been advised that there is the possibility to increase existing production through well stimulation. Additionally, there are other exploration targets on the concession.

Sea Dragon has also acquired on a private placement basis a fifteen percent (15%) convertible debenture in the principal amount of \$300,000 maturing on December 12, 2009 and convertible into 2,000,000 common shares (the "Debenture Shares") in the capital of Prevail Energy Ltd. ("Prevail Energy"). The Debenture Shares represent, on a fully converted basis, approximately 5.6% of the total issued and outstanding common shares of Prevail Energy as of the date hereof. Upon mutually agreeable terms the parties may elect to move forward with negotiations that could result in a merger, acquisition or other form of business combination subject to completion of satisfactory due diligence and required regulatory, governmental and/or shareholder approvals.

Prevail Energy is a junior Canadian oil and gas company based in Montreal. Management of Sea Dragon has been informed that Prevail Energy's main asset is a 20% - 30% working interest in the 700 km² onshore Mengo Kundji Bindi production concession situated in the Republic of Congo, Brazzaville. The joint venture comprising Societe Nationale des Petroles du Congo, Petro SA and Petroci is currently drilling a three well program with the second well underway and nearing its objective reservoir. The block is located within 20 kilometres of the prolific M'Boundi field.

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

Not applicable.

7. Omitted Information

No significant facts have been omitted from this report.

8. Executive Officer

David Thompson, President, Chief Executive Officer of Sea Dragon is knowledgeable about the material change and may be reached at (403) 457 - 5035.

9. Date of Report

DATED this 27th day of February, 2009.

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