SEA DRAGON ENERGY INC.

Annual Information Form
For the year ended December 31, 2009

April 30, 2010

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MONETARY REFERENCES

All dollar amounts in this annual information form (the "**Annual Information Form**"), unless otherwise indicated, are stated in Canadian currency.

ABBREVIATIONS

In this Annual Information Form the abbreviations set forth below have the following meanings:

Oil and Natural Gas Liquids

bbl	barrel of crude oil
bbls	barrels of crude oil
bbls/d	barrels of crude oil per day
mbbls	thousands of barrels of crude oil
NGLs	natural gas liquids

Natural Gas

mscf	thousand standard cubic feet
mscfd	thousand standard cubic feet per day

Other

API	American Petroleum Institute the measure of the density or gravity of liquid petroleum products derived from a specific gravity
m	metres
m^3	cubic metres
km	kilometres
km^2	square kilometres
US$	United States dollars
$	Canadian dollars

CONVERSION

The following table sets forth certain conversions between Standard Imperial Units and the International System of Units (or metric units).

To Convert From	To	Multiply By
Mcf	cubic meters	28.174
cubic meters	cubic feet	35.315
bbls	cubic meters	0.159
cubic meters	bbls	6.289
feet	meters	0.305
meters	feet	3.281
miles	kilometers	1.609
kilometers	miles	0.621
acres	hectares	0.405
hectares	acres	2.471

CONVENTIONS

Certain terms used herein are defined in National Instrument 51-101 – *Standards of Disclosure for Oil and Gas Activities* ("**NI 51-101**") or the Canadian Oil and Gas Evaluation Handbook ("**COGE Handbook**") and, unless the context otherwise requires, shall have the same meanings in this Annual Information Form as in NI 51-101 or the COGE Handbook.

FORWARD-LOOKING STATEMENTS

Certain statements contained in this Annual Information Form and in certain documents incorporated by reference into this document constitute forward-looking statements. These statements relate to future events or the Corporation's future performance. All statements other than statements of historical fact may be forward-looking statements. Forward-looking statements are often, but not always, identified by the use of words such as "seek", "anticipate", "plan", "continue", "estimate", "expect", "forecast", "may", "will", "project", "predict", "potential", "targeting", "intend", "could", "might", "should", "believe" and similar expressions. These statements involve numerous assumptions, known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those expressed, anticipated or implied in such forward-looking statements. The Corporation believes that the expectations reflected in those forward-looking statements are reasonable but no assurance can be given that these expectations will prove to be correct and accordingly, such forward-looking statements included in this Annual Information Form should not be unduly relied upon. These statements speak only as of the date of this Annual Information Form. Actual operational and financial results or events may differ materially from Sea Dragon's expectations contained in the forward-looking statements as a result of various factors, many of which are beyond the control of the Company.

Forward-looking statements in this Annual Information Form include, but are not limited to, statements with respect to the following:

- the quantity of reserves or resources;
- the performance characteristics of the Corporation's oil and gas properties;
- oil and natural gas production levels;
- capital expenditure programs;
- future development and exploration activities and the timing thereof;
- future land expiries;
- estimated future contractual obligations and the amount expected to be incurred under Sea Dragon's farm-in commitments;
- future liquidity and financial capacity;
- projections of market prices for crude oil and natural gas production and associated production, operating and other costs;
- supply and demand for oil and natural gas;
- expectations regarding the Corporation's ability to raise capital and to continually add to reserves through acquisitions and development;
- expectations relating to the award of exploration permits by governmental authorities; and
- treatment of the Corporation and its assets under government regulatory and taxation regimes.

With respect to forward-looking statements contained or incorporated by reference in this Annual Information Form, the Corporation has made assumptions regarding:

- oil and natural gas production levels;
- commodity prices;
- future currency and interest rates;
- the Corporation's ability to generate sufficient cash flow from operations and to access existing credit facilities and capital markets to meet its future financial obligations;
- availability of labour and drilling equipment;
- general economic and financial market conditions; and
- government regulation in the areas of taxation, royalty rates and environmental protection.

The Corporation's actual results could differ materially from those anticipated in these forward-looking statements as a result of the risk factors set forth below and elsewhere in this Annual Information Form:

- volatility in market prices for oil and natural gas;

- liabilities and risks inherent in oil and natural gas exploration, and development and production operations;
- uncertainties associated with estimating oil and gas reserves and resources;
- competition for, among other things, capital, acquisitions of reserves, undeveloped lands and skilled personnel;
- incorrect assessments of the value of future acquisitions;
- limitations on insurance;
- failure to obtain industry partner and other third-party consents and approvals, when required;
- imprecision in estimating capital expenditures and operating expenses;
- potential delays or changes with respect to exploration and development projects or capital expenditures;
- geological, technical, drilling and processing problems;
- fluctuations in foreign exchange or interest rates and stock market volatility;
- changes or disruptions in the political or fiscal regimes in the Corporation's areas of operation;
- general economic and business conditions;
- changes in income tax laws or changes in tax laws and incentive programs relating to the oil and gas industry in Canada or in the Corporation's areas of operation;
- failure to realize the anticipated benefits of acquisitions; and
- the other factors discussed under *"Risk Factors"*.

These factors should not be considered 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 resources and reserves described can be profitably produced in the future. The forward-looking statements contained in this Annual Information Form and in the documents incorporated by reference herein are expressly qualified by this cautionary statement. Sea Dragon does not undertake any obligation to publicly update or revise any forward-looking statements except as required by applicable securities laws.

PRESENTATION OF OIL AND GAS INFORMATION

All oil and gas information contained in this Annual Information Form or the documents incorporated by reference herein, has been prepared and presented in accordance with NI 51-101. The actual oil and gas reserves and future production thereof will be greater than or less than the estimates provided herein. The estimated value of future net revenue from the production of the disclosed oil and gas reserves does not represent the fair market value of these reserves. There is no assurance that the forecast prices and costs or other assumptions made in connection with the reserves disclosed herein will be attained and variances could be material.

The estimates of reserves and future net revenue for individual properties may not reflect the same confidence level as estimates of revenue and future net revenue for all properties, due to the effects of aggregation.

CURRENCY

All references herein to "$" are to Canadian dollars unless otherwise specified. References herein to "US$" are to United States dollars.

EFFECTIVE DATE

The effective date of this Annual Information Form is April 30, 2010 (the "**Effective Date**").

CORPORATE STRUCTURE

Name, Address and Incorporation

Sea Dragon Energy Inc. ("**Sea Dragon**" or the "**Corporation**") was incorporated under the *Canada Business Corporations Act* (the "**CBCA**") on March 28, 2006. Sea Dragon amended its articles on June 17, 2008 to change its registered office to the Province of Alberta.

Sea Dragon's head office is located at 1100, 340 -12th Avenue S.W., Calgary, Alberta, T2R 1L5 and its registered office is located at 1000, 400 – 3rd Avenue S.W., Calgary, Alberta T2P 4H2. Sea Dragon's telephone, facsimile and internet website respectively are: telephone: (403) 457-5035; facsimile: (403) 457-5420; website: www.seadragonenergy.com. Sea Dragon's Egyptian operations office is located at Apt. #1, Building #6, Road #277, New Maadi, Cairo, Egypt.

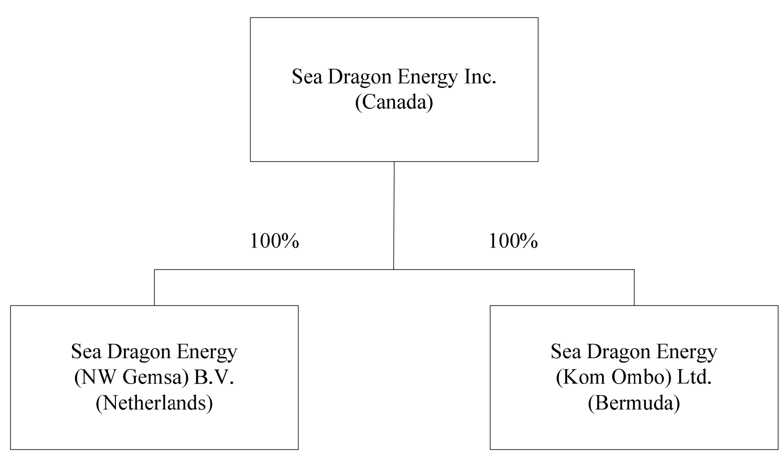
The common shares of Sea Dragon have been listed on the TSX Venture Exchange (the "**Exchange**") under the symbol "SDX" since July 15, 2008.

Intercorporate Relationships

On December 21, 2009, the Corporation acquired all of the issued and outstanding common shares of Premier Oil Egypt (NW Gemsa) B.V., a Netherlands body corporate and the holder of a ten (10%) percent participating interest in the NW Gemsa Concession. The name of this subsidiary was changed to Sea Dragon Energy (NW Gemsa) B.V. ("**SD Gemsa**") on January 12, 2010. See "*Principal Properties – NW Gemsa Concession*".

On December 29, 2009, the Corporation incorporated Sea Dragon Energy (Kom Ombo) Ltd. ("**SD Kom Ombo**") under the laws of Bermuda for the purposes of acquiring a participating interest in the Kom Ombo Concession. See "*Principal Properties – Kom Ombo Concession*".

The following diagram outlines the intercorporate relationships between the Corporation and its subsidiaries as at December 31, 2009.



Unless the context otherwise requires, reference in this Annual Information Form to "Sea Dragon" or the "Corporation" includes the Corporation and its wholly-owned subsidiaries.

GENERAL DEVELOPMENT OF THE BUSINESS

Sea Dragon is an independent international upstream oil and gas corporation whose principal business activities currently consist of the exploration, development and production of crude oil and natural gas liquids. The Corporation currently holds a ten (10%) percent participating interest in the NW Gemsa Concession located in Egypt's Eastern Desert onshore the Gulf of Suez, Egypt. The Corporation also holds a fifty (50%) percent participating interest in the Kom Ombo Concession located approximately 1,000 kilometres south of Cairo along the western bank of the Nile River, Egypt. See "*Principal Properties*".

Three Year History

A general description of the development of Sea Dragon over the past three years ended December 31, 2009 and recent developments for the periods subsequent thereto is set out below.

2007

EWA Concession

In March 2006, the Corporation acquired a forty (40%) percent participating interest in the East Wadi Araba Concession (the "**EWA Concession**") located in the Gulf of Suez, Egypt. The acquisition included an obligation to drill one (1) commitment well by January 17, 2007.

In early January 2007, the Corporation's obligation to drill the first commitment well on the EWA Concession was extended to July 17, 2007 and the commitment well requirement was expanded to a total of three wells. In March 2007, Sea Dragon issued 3,115,000 units consisting of one (1) common share and one (1) purchase warrant for net proceeds of $516,000. These proceeds were combined with existing cash-on-hand to fund the Corporation's share of drilling costs of the first commitment well on the EWA Concession. Drilling of the first commitment well (the "**4X well**") commenced in early July 2007. Although the 4X well encountered several potential sandstone reservoirs, it was determined to be non-economic and was subsequently plugged and abandoned in September 2007.

2008

Financing Activities, and Initial Public Offering

Between November 2007 and January 2008, the Corporation issued an aggregate of $7,500,000 of non-interest bearing convertible debentures, convertible into common shares of the Corporation at a price of $0.35 per common share.

On July 15, 2008, the Corporation completed its initial public offering (the "**IPO**") and issued a total of 58,333,334 common shares at a price of $0.60 per common share for net proceeds after commissions and issue costs of approximately $30,925,000. Concurrent with the closing of the IPO, the convertible debentures were converted into 21,428,571 common shares. On July 17, 2008, the common shares of the Corporation were listed for trading on the Exchange under the symbol "SDX".

In April 2008, Sea Dragon acquired all of the outstanding common shares of Egypt Oil Holdings Ltd. ("**EOHL**") in exchange for the issuance of 24,000,000 common shares. At the time of the acquisition, EOHL owned a 35% participating interest in the EWA Concession, bringing the Corporation's total participating interest in the EWA Concession to 75%. Under the terms of a joint operating agreement for the EWA Concession, Sea Dragon was responsible to pay 100% of the costs of the next two commitment wells required to be drilled at the EWA Concession.

Operations

In November 2008, the Corporation commenced drilling of the second commitment well (the "**5X well**") in the Dahab North prospect of the EWA Concession. The 5X well was drilled to a total depth of 9,750 feet in February

2009. The well was subsequently sidetracked to further evaluate the target hydrocarbon zones. The sidetrack well fulfilled Sea Dragon's third commitment well obligation under the EWA Concession. Although the 5X well encountered several prospective hydrocarbon zones, it was determined to be non-economic and was subsequently plugged and abandoned.

2009

Relinquishment of EWA Concession

In July 2009, the Corporation voluntarily relinquished its participating interest in the EWA Concession with the consent of the Egyptian government. Accordingly, the Corporation no longer holds a participating interest in the EWA Concession.

Acquisition of NW Gemsa Concession Interest

In August 2009, the Corporation entered into a share purchase agreement with Premier Oil Overseas BV to acquire all of the issued and outstanding shares of Premier Egypt (NW Gemsa) BV ("**Premier Egypt**"), the holder of a ten (10%) percent participating interest in the NW Gemsa Concession located in Egypt's Eastern Desert onshore the Gulf of Suez (the "**NW Gemsa Concession**"). The share purchase transaction was completed on December 21, 2009 with a July 1, 2009 effective date. Under the terms of the acquisition, and the concession agreement governing the NW Gemsa Concession (the "**NW Gemsa Concession Agreement**") the Corporation is responsible for its ten (10%) percent share of all costs and expenses and is entitled to receive ten (10%) percent of all production revenues from and after the July 1, 2009 effective date. The purchase price of the shares of Premier Egypt was US$12.5 million and was subject to adjustments for working capital, interest and cash calls less production revenues from the Effective Date to the date of closing. On January 12, 2010, following the closing, Premier Egypt changed its name to Sea Dragon Energy (NW Gemsa) B.V. on January 12, 2010.

Acquisition of Kom Ombo Concession Interest

Pursuant to a farmout agreement (the "**Kom Ombo Farmout Agreement**") between the Corporation and Dana Gas Egypt Ltd. ("**DGE**") dated December 31, 2009, the Corporation completed the acquisition (the "**Kom Ombo Acquisition**") of a 50% participating interest in a certain oil and gas concession property called the Kom Ombo (Block 2) Concession (the "**Kom Ombo Concession**"), located approximately 1,000 kilometres south of the city of Cairo, Egypt along the western bank of the Nile River. The holder of the remaining 50% participating interest in the Kom Ombo Concession is DGE.

The Kom Ombo Acquisition had an effective date of July 1, 2009 and closed on January 28, 2010. The purchase price for the Kom Ombo Acquisition is US$41.27 million, inclusive of Sea Dragon's reimbursement of approximately US$4.0 million to DGE of Sea Dragon's share of costs incurred subsequent to the Effective Date and prior to the closing date and inclusive of certain post closing working capital adjustments of approximately US$4 million.

Pursuant to the terms of the Kom Ombo Farmout Agreement, the Corporation paid an initial instalment of US$10 million in January 2010 and has been registered as the legal holder of a 50% participating interest in the Kom Ombo Concession under applicable Egyptian law and accordingly, is subject to the terms of the concession agreement governing the Kom Ombo Concession (the "**Kom Ombo Concession Agreement**"). An additional payment of approximately US$31.27 million is due on April 30, 2010 subject to a 90 day period during which the Corporation has the right to cure any payment default without penalty.

In addition to the closing consideration, the Corporation is required to pay US$4 million of DGE's share of costs incurred after the Effective Date in three instalments of US$1.33 million each on the first three cash calls to be issued after the closing date of the Kom Ombo Acquisition. Under the terms of the Farmout Agreement, approximately US$16.2 million of the aggregate consideration is fully cost recoverable by the Corporation as a priority payment from future production proceeds generated from the Kom Ombo Concession.

Private Placement Financing

In November 2009, the Corporation completed a private placement of 60,000,000 units at a price of $0.25 per unit for total gross proceeds of $15,000,000. Each unit consisted of one (1) common share and one-half (1/2) purchase warrant exercisable into one (1) additional common share at an exercise price of $0.50 per common share expiring November 6, 2012. The proceeds of the private placement were combined with existing working capital and used to fund the acquisition cost of the Corporation's participating interest in the NW Gemsa Concession.

Subsequent Events - 2010

Special Warrant Offering

On January 25, 2010, the Corporation completed an underwritten private placement of 22,730,000 special warrants ("**Special Warrants**") at a price of $0.55 per Special Warrant for total gross proceeds of $12,501,500. Each special warrant was exercisable into one (1) common share of the Corporation on the earlier of: (i) the third business day following issuance of a receipt (the "**Receipt**") for the Corporation's final prospectus qualifying the common shares underlying the Special Warrants in each jurisdiction of Canada where the Special Warrants were offered; and (ii) May 26, 2010. In the event that the Receipt was not issued prior to April 1, 2010, each Special Warrant became exercisable for 1.05 common shares of the Corporation, in lieu of one (1) common share. The Receipt qualifying the common shares underlying the Special Warrants was issued on April 12, 2010. Accordingly, an aggregate of 23,866,500 common shares were issued upon the exercise of the Special Warrants.

Alliance Agreement

Effective February 4, 2010, the Corporation entered into an Alliance Agreement (the "**Alliance Agreement**") with Tanmia Petroleum Company ("**TPC**"), an Egyptian body corporate controlled by the Egypt state-owned Egyptian General Petroleum Corporation ("**EGPC**"). Under the terms of the Alliance Agreement, the Corporation and TPC have agreed, on an exclusive basis, to jointly appraise and, where appropriate and available, acquire, develop and produce certain undeveloped or under-developed oil and gas concessions, fields and development leases located in Egypt which may become available for allocation to TPC by EGPC. The commercial terms of any future joint venture, including the participating interests of the Corporation and TPC will be negotiated on a case by case basis. The Corporation is obligated to pay all future appraisal and development costs and will be allocated fifty (50%) percent of future production revenues for cost recovery until payout plus the Corporation's participating interest share of the remaining production revenues on any concessions jointly acquired by TPC and the Corporation. On March 25, 2010, the Corporation announced that 11 projects had been identified as candidates for evaluation by the Corporation and that preliminary screening work had commenced on these new opportunities.

Drilling and Production of Appraisal Well – NW Gemsa Concession

On March 9, 2010, the Corporation and its partners in respect of the NW Gemsa Concession completed the drilling and testing of the Al-Amir SE-5 appraisal well. The well flowed 42° API oil at sustained average test rates of approximately 6,150 bbl/d of oil and 6.9 MMcf/d of gas using a 64/64 inch choke and 4,300 bbl/d of oil and 4.9 MMcf/d of gas using a 48/64 inch choke from the upper of the two identified pay zones. On March 22, 2010, Al Amir SE-5 commenced production at a rate of approximately 1,500 bbl/d using a 24/64 inch choke. The Corporation also announced that all seven producing wells on the NW Gemsa Concession had been choked back to minimize gas flaring and to allow for the installation and tie-in of permanent treating facilities, flow-lines and pipelines.

Kom Ombo Development

On March 25, 2010, the Corporation announced that in the Al Baraka field, ten new wells are planned including potentially one or more horizontal wells towards the end of 2010. A drilling rig has been contracted to drill up to ten wells and is being mobilized to the Al Baraka development lease area. The Corporation expects to spud its first well in the second quarter of 2010. Tubulars, wellheads and other drilling materials available in the Corporation's and

DGE's inventories will be utilized as well as new materials as necessary. Plans also include the expansion of surface facilities to handle anticipated additional future production.

Planned exploration activities, outside the Al Baraka field, include the acquisition of 300 square kilometres of 3-D seismic data and up to 300 kilometres of 2-D seismic data and the drilling of an exploratory well. The total 2010 gross budget in respect of the Kom Ombo Concession, including the costs for the planned exploration activities outside the Al Bakara field, is approximately US$34,000,000 with the Corporation's 50% share being approximately US$17,000,000.

NW Gemsa Development

On March 25, 2010, the Corporation announced that in the Al Amir SE field, two additional wells have been planned, specifically the Al Amir 7 appraisal well and one water injection well. Further, in the Geyad field, the Geyad 3 development well is scheduled to be drilled during the third quarter of 2010. Existing field facilities are expected to be augmented with additional storage capacity, flow line, pipe lines and manifolds. It is anticipated that geological and engineering studies will be carried out in preparation for water flooding expected to commence early in 2011. Exploration activities are expected to include reprocessing of existing seismic and the potential drilling of an exploratory well. Total expenditures for 2010 are estimated at US$46,000,000 with the Corporation's 10% share being US$4,600,000 (inclusive of operating expenditures).

Completion of Bought Deal Short Form Prospectus Financing

On April 19, 2010, the Corporation completed a bought deal short form prospectus financing pursuant to which the Corporation issued an aggregate of 142,500,000 common shares at a price of $0.40 per share for net proceeds after commissions but before issue costs of approximately $54 million (the "**April 2010 Financing**"). Approximately US$37.27 of the net proceeds of the April 2010 Financing will be used by Sea Dragon to pay the balance of the consideration owing to DGE pursuant to the terms of the Kom Ombo Farmout Agreement. The remainder of the net proceeds are expected to be used by the Corporation towards development costs on the Kom Ombo Concession and the NW Gemsa Concession and for general working capital.

Significant Acquisitions

During the fiscal year ended December 31, 2009, the Corporation acquired all of the issued and outstanding shares of Premier Egypt, the holder of a ten (10%) percent participating interest in the NW Gemsa Concession. Premier Egypt changed its name to Sea Dragon Energy (NW Gemsa) BV on January 12, 2010. See "*General Development of the Business – Three Year History – 2009*".

The Corporation has prepared and filed an Amended Business Acquisition Report dated April 12, 2010 in accordance with Form 51-102F4 in respect of the acquisition of the shares of Premier Egypt as required by National Instrument 51-102.

During the fiscal year ended December 31, 2009, the Corporation entered into the Kom Ombo Farmout Agreement pursuant to which the Corporation acquired a fifty (50%) percent participating interest in the Kom Ombo Concession. See "*General Development of the Business – Three Year History – 2009*".

The Corporation has prepared and filed an Amended Business Acquisition Report dated April 12, 2010 in accordance with Form 51-102F4 in respect of the Kom Ombo Acquisition as required by National Instrument 51-102.

DESCRIPTION OF THE BUSINESS AND OPERATIONS

Sea Dragon is an independent international upstream oil and gas corporation currently engaged in exploration, acquisition, development and production of petroleum and natural gas in Egypt. The Corporation's principal properties are all currently situated in Egypt. See "*Description of the Business and Operations - Principal Properties*".

Management Strategy and Development

Sea Dragon has developed a strategy to focus on acquiring interests in discovered non-producing properties or non-producing properties that are close to production. The areas of primary focus are northern Africa with an emphasis in Egypt and Sub-Saharan Africa. It is management's belief that petroleum assets in this region are currently undervalued due to the economic downturn and that this situation presents an opportunity to acquire producing petroleum assets at favourable prices. Management believes this strategy of acquiring under-valued assets will give Sea Dragon a strong position as the economy turns more favourable. In the meantime, the cash flow from producing assets will be used to pay the operating costs and to provide working capital for the Corporation.

The business plan of the Corporation is to focus on sustainable and profitable per share growth in both cash flow from operations and net asset value. To accomplish this, the Corporation will focus on enhancing its asset base through land acquisitions, property acquisitions, exploratory drilling and development drilling.

The Corporation will internally generate exploration and development opportunities possessing medium risk and multiple prospective/productive zone potential with a prudent exposure to higher risk/reward prospects. The Corporation will maintain a balance between exploration, development and exploitation drilling, combined with acquisition opportunities that meet the Corporation's business parameters. To achieve sustainable and profitable growth, the Corporation will endeavour to have direct control of the timing and costs of its projects. Accordingly, the Corporation will seek operatorship of properties in which it has an interest. Further, to minimize competition within its geographic areas of interest, the Corporation will, after giving consideration to its risk profile, strive to maximize its participating interest ownership in its properties. While the Corporation intends to have the skills and resources necessary to achieve its objectives, exploration and development in the oil and natural gas industry has a number of inherent risks. See "*Risk Factors – Exploration, Development and Production Risks*".

In reviewing potential drilling or acquisition opportunities, the Corporation gives consideration to the following criteria:

(a) risk capital required to secure or evaluate the investment opportunity;
(b) the potential return on the project, if successful;
(c) the likelihood of success; and
(d) the risked return versus cost of capital.

The board of directors of the Corporation may, in its discretion, approve acquisitions that do not conform to these guidelines based upon its consideration of the qualitative aspects of the subject properties including risk profile, technical upside, reserve life and asset quality.

Management is pursuing other investment opportunities in producing properties, primarily in Egypt and other areas of northern Africa and Sub-Saharan Africa. The reputation and experience of the Corporations' Board of Directors, executive and supporting consultants has opened discussions with other operators, concession holders and the Government of Egypt that could lead to Sea Dragon taking an active role as investor and/or operator of other concessions. Each opportunity is evaluated for its economic potential, risks and Sea Dragon's capacity to undertake the project.

Some investment projects may require additional sources of financing and the Corporation is considering all options on a project by project basis such as partnership or joint venture financing, issuance of common shares, debt or private funding that will allow the Corporation to move forward without undue dilution of its capital stock.

Marketing

The Corporation's crude oil production from the NW Gemsa Concession is currently marketed to EGPC pursuant to the terms of the NW Gemsa Concession Agreement. The NW Gemsa Concession Agreement sets the selling price for crude oil at the average monthly Brent North Sea price less $2.50 per barrel.

The Corporation's crude oil production from the Kom Ombo Concession is currently marketed to the Egypt state-owned Ganoub El Wadi Petroleum Holding ("**Ganope**") pursuant to the terms of the Kom Ombo Concession Agreement. The Kom Ombo Concession Agreement sets the selling price for crude oil at the average monthly Brent North Sea price less $3.00 per barrel.

Specialized Skill and Knowledge

The Corporation relies on specialized skills and knowledge to gather, interpret and process geophysical data; drill and complete wells; design and operate production facilities and numerous additional activities required to explore for and produce oil and natural gas. The Corporation has employed a strategy of contracting consultants and other service providers to supplement the skills and knowledge of its permanent staff in order to provide the specialized skills and knowledge to undertake its oil and natural gas operations effectively.

Competitive Conditions

The oil and natural gas industry is intensely competitive in all its phases. Sea Dragon competes with numerous other participants in the search for, and the acquisition of, oil and natural gas properties and in the marketing of oil and natural gas. Sea Dragon's competitors include resource companies which have greater financial resources, staff and facilities than those of Sea Dragon. Competitive factors in the distribution and marketing of oil and natural gas include price and methods and reliability of delivery. Sea Dragon believes that its competitive position is equivalent to that of other oil and gas issuers of similar size and at a similar stage of development. See "*Risk Factors – Competition*"

Cyclical and Seasonal Nature of Industry

The exploration and development of oil and gas properties and the production of oil and gas reserves is not affected by seasonal changes in weather in the parts of the world that the Corporation has selected to pursue its activities.

Sea Dragon's operational results and financial condition will be dependent on the prices received for oil and natural gas production. Oil and natural gas prices have fluctuated widely during recent years and are determined by supply and demand factors, including weather and general economic conditions, as well as conditions in other oil and natural gas regions. Any decline in oil and natural gas prices could have a material adverse effect on the Corporation's financial condition and results of operations.

Economic Dependence

The available purchaser of crude oil from the NW Gemsa Concession consists of EGPC, which currently purchases crude oil from the NW Gemsa Concession owners under the NW Gemsa Concession Agreement. The NW Gemsa Concession owners is currently dependent upon EGPC to sell its crude oil production.

The available purchaser of crude oil from the Kom Ombo Concession consists of Ganope, which currently purchases crude oil from the Kom Ombo Concession owners under the Kom Ombo Concession Agreement. The Kom Ombo Concession is currently producing crude oil under long term production tests. The Kom Ombo Concession owners are currently dependent upon Ganope to sell crude oil production to Ganope.

Environmental Requirements

Egyptian environmental legislation provides for restrictions and prohibitions on releases or emissions and regulation on the storage and transportation of various substances produced or utilized in association with certain oil industry operations. This legislation and associated regulations can affect the location and operation of wells and facilities and the extent to which exploration and development is permitted. In addition, legislation requires that well and facility sites are abandoned and reclaimed to the satisfaction of regulatory authorities. Applicable environmental laws may impose remediation obligations with respect to property designated as a contaminated site upon certain responsible persons, which include persons responsible for the substance causing the contamination, persons who caused the release of the substance and any past or present owner, tenant or other person in possession of the site.

Compliance with such legislation can require significant expenditures and a breach of such legislation may result in the suspension or revocation of necessary licences and authorizations, civil liability for pollution damage, the imposition of fines and penalties or the issuance of clean-up orders. Environmental legislation and policy is periodically amended. Such amendments may result in stricter standards and enforcement and in more stringent fines and penalties for non-compliance. Environmental assessments of existing and proposed projects carry a heightened degree of responsibility for companies and their directors, officers and employees. The costs of compliance associated with changes in environmental regulations could require significant expenditures, and breaches of such regulations may result in the imposition of material fines and penalties. In an extreme case, such regulations may result in temporary or permanent suspension of production operations and associated activities. There can be no assurance that these environmental costs or effects will not have a materially adverse effect on the Corporation's future financial condition or results of operations. See "*Risk Factors – Environmental Risks*".

Employees

As at December 31, 2009, the Corporation had seven employees and utilized the services of two professional advisors on a part-time contract or consulting basis. As of the Effective Date of this AIF, the Corporation has nine employees and one consultant.

The executive management team of the Corporation includes oil professionals with over 100 years of combined industry experience. Relying on the knowledge and experience of this team, the Corporation intends to evaluate and explore the identified oil prospects in the NW Gemsa Concession and the Kom Ombo Concession, pursue the identified lead prospect and other exploration opportunities in these blocks and pursue potential acquisition opportunities to become a significant independent oil producer in Egypt.

Foreign Investments

All of the Corporation's current oil investments have been located outside of Canada and in Egypt. These investments are subject to the risks associated with foreign investment including tax increases, royalty increases, re-negotiation of contracts, currency exchange fluctuations and political uncertainty. The jurisdiction in which the Corporation operates, Egypt, has a well established fiscal regime and there are some improved fiscal terms to encourage investments. The functional currency in the primary operating area is US dollars.

Sea Dragon is paid in US dollars for its oil production. As operations are primarily carried out in US dollars, the main exposure to currency exchange fluctuations is the conversion to equivalent Canadian funds for financial reporting purposes.

Tax Horizon

Sea Dragon was not required to pay any incomes taxes for the year ended December 31, 2009. Based on current production and price assumptions and a continuing business model whereby the Corporation reinvests capital and incurs general and administrative and interest costs and operates in foreign companies, together with the available non-capital losses available, the Corporation does not expect to pay cash income taxes in the near future.

The Corporation's Egypt operations are currently under the jurisdiction of the NW Gemsa Concession Agreement and the Kom Ombo Concession Agreement. Under the terms of these agreements, although the Corporation must file corporate income tax returns with the government of Egypt, any income tax liability arising from applicable concession is paid by the EGPC or Ganope out its profit oil allocation. It is not anticipated that Sea Dragon will be required to pay Egyptian income tax using its own funds for the foreseeable future.

Principal Properties

As at the most recently completed financial year, the Corporation's principal properties consisted of the NW Gemsa Concession and the Kom Ombo Concession. The following table provides an overview of selected information in respect of the Corporation's Egyptian properties.

	KOM OMBO	NW GEMSA
Basin	Kom Ombo	Gulf of Suez
Year Acquired	2010	2009
Status	Development / Exploration	Development / Exploration
Concession Operator	DGE / Sea Dragon	Vegas Oil and Gas Ltd.
Sea Dragon Participating Interest (%)	50%	10%
Area (km2)	11,446	250
Area (acres)	2,828,368	61,776
Expiry Date of Current Exploration Phase	July 2012	July 2010
Development Lease Terms	20 year + 3 x 5 year extensions	20 year + 3 x 5 year extensions

NW Gemsa Concession

The NW Gemsa Concession is a 250 square kilometer onshore concession located approximately 300 kilometers south east of Cairo in the Eastern Desert. As at December 31, 2009, the Corporation held and currently holds ten (10%) percent participating interest in the NW Gemsa Concession. The Corporation's partners in the NW Gemsa Concession are Vegas Oil and Gas (the current operator) who holds a 50% interest and Circle Oil Plc who holds a 40% interest.

In October 2008, a discovery was announced on the Al Amir-SE1 well with 41º API oil tested at 3,388 bbls/d and 4.25 MMscfd of gas. In February 2009, a 20 year development lease was granted by the Egyptian government. In May 2009, a further discovery was announced on Geyad-1X where two zones tested 40º API oil. The first zone tested 2,809 bbls/d with 3.04 MMscfd of gas and second, upper zone tested 1,174 bbls/d with 1.324 MMscfd of gas. In March 2010, a further discovery was announced on the Al Amir 5-X well with 42 º API oil tested at 6,150 bbls/d and 6.9 MMscfd of gas.

The NW Gemsa Concession is currently in the midst of a ten (10) well development program in the A1-Amir SE and Geyad areas. Seven (7) wells have been brought on production on the NW Gemsa Concession from these areas since February 2009. The eighth well is currently being drilled and two additional wells are schedules to be drilled before the end of 2010. Gross Daily production was approximately 6,100 bbls/d as at the most recently completed financial year and is approximately 8,400 bbls/d as at the Effective Date of this Annual Information Form. Cumulative total production from the NW Gemsa Concession in 2009 was approximately 1.1 million barrels of oil. All associated natural gas is currently flared due to an absence of markets. Current production from the NW Gemsa Concession has been choked back to minimize gas flaring and to prepare for the installation and tie-in of permanent treating facilities, flow lines and pipelines.

Kom Ombo Concession

The Kom Ombo Concession is a large exploration block (approximately 11,446 Sq. Km) located approximately 1,000 kilometers south of Cairo, Egypt on the West Bank of the Nile River. The Corporation has a fifty (50%) percent participating interest in the Kom Ombo Concession pursuant to the terms of the Kom Ombo Farmout Agreement and the Kom Ombo Concession Agreement. See "*Three Year History – 2009 – Acquisition of Kom Ombo Concession Interest*".

Included in the Kom Ombo Concession is the A1 Baraka development lease which contains the Al Baraka oil field which was discovered in 2007. The A1 Baraka oil field is comprised of three productive zones. Four wells were drilled to delineate the Al Baraka field between May 2007 and January 2010 and all four wells have achieved some preliminary production as part of the long term production test currently being conducted. Average daily production from the Al Baraka field for the 30 days preceding the Effective Date of this Annual Information Form was approximately 650 bbls/d of light 37 ºAPI oil from the four shallow vertical wells (approximately 4,500 feet depth).

Future development plans for the Al Baraka field include the drilling of some thirty (30) development wells over the next several years, commencing in the second quarter of 2010. Horizontal drilling and specialized fracturing are techniques being considered to maximize production rates and oil recovery. The Kom Ombo Concession is currently in its third and final exploration phase which will end in 2012. Under the terms of the Kom Ombo Concession Agreement, the Corporation and DGE are entitled to make application to the Egyptian government for a 20 year development lease on all commercial discoveries on the Kom Ombo Concession prior to the expiry date of the third exploration phase.

As owner of a fifty (50%) percent participating interest in the Kom Ombo Concession, the Corporation is required, as of the effective date of July 1, 2009, to pay its 50% participating interest share of future expenditures and is entitled to receive a 50% share of all future production revenues in accordance with the terms of the Kom Ombo Concession Agreement for petroleum exploration and exploitation in the Kom Ombo area dated July 18, 2004. Costs incurred in exploration and development activities on the Kom Ombo Concession may be subject to cost recovery out of future production proceeds. SD Kom Ombo and DGE are currently negotiating the terms of a joint operating agreement to govern joint operations to be conducted on the Kom Ombo Concession.

INDUSTRY AND MARKET OVERVIEW

Overview of the Development of Oil and Gas in Egypt

The petroleum industry plays a key role in the Egyptian economy. It is one of the four main sources of foreign exchange with Egypt currently being an oil exporter. Egyptian production comes from four main areas: the Gulf of Suez, the Western Desert, the Eastern Desert and the Sinai Peninsula. In addition to being an oil exporter, Egypt has strategic importance because of its operation of the Suez Canal and Sumed (Suez-Mediterranean) Pipeline. These are two routes for export of oil produced from the Persian Gulf and the Gulf of Suez.

At the beginning of 2007, the Shura Council’s Industrial and Energy Committee approved nine agreements for oil and natural gas prospecting in the Gulf of Suez as well as the Western and Eastern Deserts. Through such agreements, Egypt is striving to increase and maintain crude oil production comfortably above 800,000 bbls/d.

Since the discovery of the Gemsa field, the Gulf of Suez has become recognized as among the most prolific oil regions in the world, currently producing approximately 50% of Egypt’s 660,000 bbls/d from 40 fields. The United States Geological Survey (USGS) estimated in 2000 that the mean undiscovered reserves in the Gulf of Suez were approximately 2.3 billion barrels. Oil production in the Gulf of Suez is dominated by Gulf of Suez Petroleum, British Petroleum, Royal Dutch Shell Plc and Apache Corporation.

Over roughly the last 60 years, Egypt has been dominated by larger oil and gas companies with large projects that were beyond the fiscal and operational capacity of most junior oil and gas companies. As Egyptian oil fields mature, the industry has shifted focus from discovering new resources to increasing the productivity of existing fields and developing smaller, previously marginal prospects. This shift in focus has prompted larger oil and gas companies to redeploy their capital to other areas of the globe in search of larger discoveries and rationalizing their Egyptian assets. The result has been the entry into the Egyptian oil sector of many smaller operators, which may find smaller and maturing fields more attractive than the larger oil and gas companies due to their typically lower overhead costs and greater flexibility.

There are now approximately 50 international oil and gas companies active in the exploration and production of oil and gas in Egypt. New technologies, extensive seismic data and the mature nature of the basin have resulted in increased exploration success in the Gulf of Suez relative to frontier zones where the uncertainty of striking oil is significantly higher.

Upon a commercial discovery by Sea Dragon, the Gulf of Suez’s highly developed infrastructure will reduce operating risk as the Suez Canal and Sumed Pipeline provide easy access to Mediterranean markets. In order to meet any future increase in demand in the Mediterranean markets, the Suez Canal Authority is continuing enlargement projects on the canal. The Suez Canal has recently been deepened to 58 feet and can accommodate the world’s largest bulk carriers. An alternative to shipping routes, the Sumed Pipeline is a 200-mile pipeline that runs from Ain Sukhna on the Gulf of Suez to Sidi Kerir on the Mediterranean. The Sumed Pipeline's capacity has been increased from its original capacity of 1.6 million bbls/d to 3.1 million bbls/d.

In addition to legislative initiatives, relatively high oil prices in recent years have also encouraged the search for and development of oil within Egypt. Advances in technology, industry practice and exploitation of existing infrastructure are also assisting in the conversion of previously marginal prospects into potentially profitable projects.

Legislative and Fiscal Structure of the Egyptian Oil and Gas Industry

Regulation

In 2000, the Egyptian Ministry of Petroleum established a comprehensive strategy for the petroleum sector. Among its most important implementation mechanisms was adjusting and developing the petroleum sector structure through separating the natural gas and petrochemicals activities from those of EGPC, and establishing an independent entity for each of them in addition to paying special and concentrated attention to Upper Egypt through the establishment of an independent entity. After adding the mineral resources activity to the responsibilities of the Egyptian Ministry of Petroleum and establishing the General Authority for Mineral Resources on October 14, 2004, the oil sector in Egypt consisted of five bodies as follows: EGPC, Egyptian Natural Gas Holding Corporation, Egyptian Petrochemicals Holding Corporation, Ganope and Egyptian General Authority for Mineral Resources.

Licences

EGPC is responsible for the development and exploitation of Egypt's petroleum resources, and for ensuring the supply of the various refined petroleum products within Egypt, subject to the direct oversight of the Egyptian Ministry of Petroleum. Through its various subsidiaries, EGPC engages in all aspects of the petroleum industry, including the exploration for and production of crude oil, condensate and natural gas. EGPC's principal activities include exploration for crude oil, condensate and natural gas and production, refining and processing, and transportation, distribution and marketing of crude oil, natural gas and derivative products. EGPC's exploration and production activities are carried out in association with international partners in accordance with concession and production sharing agreements granted by ARE. The exploration is undertaken primarily by foreign companies in partnership with the EGPC. Concession and production sharing agreements permit the foreign contractor to explore for and produce crude oil, condensate or natural gas from a field for a specified time period, and set out the production sharing terms applicable as between EGPC and the foreign contractor.

STATEMENT OF RESERVES DATA AND OTHER OIL AND GAS INFORMATION

In accordance with the requirements of National Instrument 51-101, the following Statement of Reserves Data and Other Oil and Gas Information for the Corporation set forth below is dated with an effective date of December 31, 2009 and a preparation date of April 30, 2010.

The report on reserves data in the Form 51-101F2 and the report of management and directors on reserves data and other information in Form 51-101F3 are attached as schedules "A" and "B", respectively, to this Annual Information Form, which forms are incorporated herein by reference.

Disclosures of Reserves Data

Ryder Scott Report – NW Gemsa

All of the Corporation's reserves are situated in the NW Gemsa Concession. Ryder Scott Company ("**Ryder Scott**"), an independent petroleum engineering consulting firm located in Calgary, Alberta, has prepared a reserve report dated March 26, 2010 with an effective date of December 31, 2009 (the "**Ryder Scott Report**") which evaluates the proved and probable crude oil, natural gas and NGL reserves attributable to Sea Dragon's participating interest in the NW Gemsa Concession and the net present value of estimated future cash flow from such reserves based on forecasted price and cost assumptions. The reserves information contained in the Ryder Scott Report was prepared and is presented in accordance with the requirements of NI 51-101.

In preparing its report, Ryder Scott obtained basic information from Sea Dragon, which included land data, well information, geological information, reservoir studies, estimates of on-stream dates, contract information, current hydrocarbon product prices, operating cost data, capital budget forecasts, financial data and future operating plans. Other engineering, geological or economic data required to conduct the evaluation and upon which the Ryder Scott Report is based, was obtained from public records, other operators and from Ryder Scott's non-confidential files.

Evaluation Information Contained in the Ryder Scott Report

The following tables, based on the Ryder Scott Report show the estimated share of Sea Dragon's crude oil, natural gas and NGL reserves in its NW Gemsa Concession property and the net present value of estimated future net revenue for these reserves, using forecast prices and costs as indicated. **All evaluations of the present value of estimated future net revenue in the Ryder Scott Report is in United States dollars and are stated after provision for estimated future capital expenditures but prior to indirect costs and do not necessarily represent the fair market value of the reserves. The recovery and reserve estimates of Sea Dragon's oil, NGL and natural gas reserves provided in the Ryder Scott Report and reflected herein are estimates only and there is no guarantee that the estimated reserves will be recovered. Actual reserves may be greater or less than the estimates provided herein.**

References to oil, gas, natural gas liquids, reserves (gross, net, proved, probable, possible, developed, developed producing, developed non-producing, undeveloped) forecast prices and costs, operating, costs, development costs, future net revenue and future income tax expenses shall, unless expressly stated to be to the contrary, have the meaning attributed to such terms as set out in National Instrument 51-101, Companion Policy 51-101CP and all forms referenced therein.

Summaries of reserves and net present value of future net revenues presented on the basis of forecast prices and costs, all as more particularly set out in the table entitled "Summary of Pricing Assumptions as at December 31, 2009".

SUMMARY OF OIL AND GAS RESERVES
AS OF DECEMBER 31, 2009

FORECAST PRICES AND COSTS

	Light & Medium Crude Oil[1]		**NGLs**		**Natural Gas**	
Category	**Gross**[2] **(bbls)**	**Net**[3] **(bbls)**	**Gross**[2] **(bbls)**	**Net**[3] **(bbls)**	**Gross**[2] **(mscf)**	**Net**[3] **(mscf)**
Proved						
Producing	596,221	231,335	-	-	-	-
Non-Producing	62,659	11,354	-	-	-	-
Undeveloped	340,485	106,852	-	-	-	-
Total Proved	999,365	349,542	-	-	-	-
Probable	675,102	148,753	-	-	-	-
Proved + Probable	1,674,467	498,295	-	-	-	-

Notes:
(1) All of Sea Dragon's proved and probable reserves have been classified as light and medium oil. Sea Dragon has no heavy oil.
(2) Gross Reserves are the Corporation's participating interest share before the deduction of royalties or their equivalent.
(3) Net Reserves are the Corporation's participating interest share of total field reserves after deducting volumes owned by others but after the deduction of royalties or their equivalent. Net reserves in Egypt include the Corporation's share of future cost recovery and production sharing oil after applicable Egyptian government royalty interests but before

reserves relating to income taxes payable. Under this method, a portion of the reported reserves will increase as oil prices decrease (and vice versa) as the barrels necessary to achieve cost recovery change with prevailing oil prices.

NET PRESENT VALUES OF FUTURE NET REVENUES AS OF DECEMBER 31, 2009

FORECAST PRICES AND COSTS (IN US$ MILLIONS)

	Before Income Tax (1) Discounted at					After Income Tax (1) Discounted at				
US$Millions	**0%**	**5%**	**10%**	**15%**	**20%**	**0%**	**5%**	**10%**	**15%**	**20%**
Proved:										
Producing	13.9	12.7	11.6	10.8	10.0	13.9	12.7	11.6	10.8	10.0
Non-Producing	0.8	0.8	0.7	0.7	0.6	0.8	0.8	0.7	0.7	0.6
Undeveloped	4.6	3.5	2.7	2.0	1.6	4.6	3.5	2.7	2.0	1.6
Total Proved	19.3	17.0	15.0	13.5	12.2	19.3	17.0	15.0	13.5	12.2
Probable	9.6	7.3	5.7	4.6	3.8	9.6	7.3	5.7	4.6	3.8
Total Proved+Probable	28.9	24.3	20.7	18.1	16.0	28.9	24.3	20.7	18.1	16.0

Note:

(1) Under the terms of the Concession Agreement, income tax is assessed on all production sharing oil; therefore all future net revenues are after Egyptian tax.

TOTAL FUTURE NET REVENUES (UNDISCOUNTED) AS AT DECEMBER 31, 2009

FORECAST PRICES AND COSTS (IN US$ MILLIONS)

	Proved	**Proved Plus Probable**
Revenue (1)	82.8	142.5
Royalties	53.9	100.1
Operating Costs	6.6	10.0
Abandonment Costs	-	-
Development Costs	3.0	3.5
Future Net Revenue Before Income Tax (1)	19.3	28.9
Income Tax Expense (1)	-	-
Future Net Revenue After Income Tax (1)	19.3	28.9

Note:

(1) Under the terms of the Concession Agreements, income tax is assessed on all production sharing oil; therefore all future net revenues are after Egypt income tax.

NET PRESENT VALUE OF FUTURE NET REVENUES
BY PRODUCTION GROUP[(1)]
AS AT DECEMBER 31, 2009
DISCOUNTED AT 10%

FORECAST PRICES AND COSTS
(IN US$ MILLIONS)
(BEFORE INCOME TAX)[(2)]

RESERVE CATEGORY	Oil [(3)]	Natural Gas and NGL's	Total	Unit Value (US$/bbl)
Proved	15.0	-	15.0	15.0
Probable Additional	5.7	-	5.7	8.4
Proved plus Probable	20.7	-	20.7	12.4

Notes:

(1) All future net revenues have been derived from Sea Dragon's NW Gemsa Concession.

(2) Under the terms of the Concession Agreements, income tax is assessed on all production sharing oil; therefore all future net revenues are after Egypt income.

(3) All of Sea Dragon's proved plus probable reserves have been classified as light and medium oil. Sea Dragon has no heavy oil.

PRICING ASSUMPTIONS

Forecast Prices and Costs

The forecast cost and price assumptions assume changes in wellhead selling prices and take into account inflation with respect to future operating and capital costs. Ryder Scott has employed the following price, exchange rates and inflation rate assumptions as of December 31, 2009 in estimating Sea Dragon's reserves data using forecast prices and costs.

Year	WTI Cushing Oklahoma (US$/Bbl)	Brent Reference Price (US$/Bbl)	Inflation Rates [(1)] % Year	NW Gemsa Al Amir/Geyad Price
2010	80.00	78.42	0.0	76.50
2011	84.00	82.41	2.0	80.68
2012	86.00	84.40	2.0	82.77
2013	88.00	86.40	2.0	84.86
2014	90.00	88.39	2.0	86.94
2015	91.80	90.19	2.0	88.82
Thereafter	+2.0%/Year	+2.0%/Year	+2.0%/Year	+2.0%/Year

Note:

(1) Inflation rates for forecasting expenditure prices and costs.

(2) The weighted average historical price in US$ realized by the Corporation in Egypt, for the year ended December 31, 2009 for crude oil was US$70.43/bbl.

RECONCILIATION OF CHANGES IN GROSS RESERVES

The following table sets forth a reconciliation of the Corporation's total proved and probable reserves as at December 31, 2009 against such reserves as at December 31, 2008 based upon forecast price and costs assumptions.

RECONCILIATION OF GROSS RESERVES
AS AT DECEMBER 31, 2009
FORECAST PRICES AND COSTS

	Light and Medium Oil			Natural Gas and NGLs		
	Gross Proved (mbbl)	Gross Probable (mbbl)	Gross Proved Plus Probable (mbbl)	Gross Proved (mscf)	Gross Probable (mscf)	Gross Proved Plus Probable (mscf)
December 31, 2008 [(1)]	-	-	-	-	-	-
Acquisitions	1,000	675	1675	-	-	-
December 31, 2009 [(2)]	1,000	675	1675	-	-	-

Notes:

(1) The Corporation had no oil or natural gas reserves as at December 31, 2008.

(2) All reserves reconciliation information reflected herein for the period after December 31, 2008 is derived from the Ryder Scott Report. All of the Corporation's reserves as at December 31, 2009 are located in the Corporation's NW Gemsa Concession.

ADDITIONAL INFORMATION RELATING TO RESERVES DATA

Undeveloped Reserves

The following table summarizes the volumes of Sea Dragon's proved undeveloped reserves and probable undeveloped reserves that were attributed in each of the most recent three financial years.

UNDEVELOPED RESERVES

FORECAST PRICES AND COSTS

	Oil				Natural Gas				NGLs			
	Proved (bbl)		Probable (bbl)		Proved (mscf)		Probable (mscf)		Proved (bbl)		Probable (bbl)	
Year Ended December 31	Gross[(1)]	Net[(2)]	Gross[(1)]	Net[(2)]	Gross[(1)]	Net[(2)]	Gross[(1)]	Net[(2)]	Gross[(1)]	Net[(2)]	Gross[(1)]	Net[(2)]
2009[(3)]	340,485	106,852	675,102	148,753	-	-	-	-	-	-	-	-
2008	-	-	-	-	-	-	-	-	-	-	-	-
2007	-	-	-	-	-	-	-	-	-	-	-	-

Notes:

(1) Gross Reserves are the Corporation's participating interest share of total field reserves after deducting volumes owned by others but before deducting royalties or their equivalent.

(2) Net Reserves are the Corporation's participating share of total reserves after deducting volumes owned by others and after deducting royalties or their equivalent.

(3) Information derived from the Ryder Scott Report.

The following discussion generally describes the basis on which Sea Dragon attributes Proved and Probable Undeveloped Reserves and its future plans for developing such reserves.'

<u>Proved Undeveloped Reserves</u>

Proved Undeveloped Reserves are those reserves expected to be recovered from known accumulations where a significant expenditure (for example, when compared to the cost of drilling a well) is required to render them capable of production. Such reserves meet the requirements of the proved reserves classification even though they are not producing reserves.

In multi-well pools, it may be appropriate to allocate total pool reserves between the developed and undeveloped categories. This allocation is based upon the assessment of the estimator and the Corporation as to the reserves that will be recovered from specific wells, facilities and completion intervals in the pool and their development status.

Probable Undeveloped Reserves

Probable undeveloped reserves are generally those reserves that are less certain to be recovered than proved reserves.

SIGNIFICANT FACTORS AND UNCERTAINTIES

The following is a brief discussion presented in accordance with the requirements of NI 51-101 of the significant factors and uncertainties that affect the reserves data presented herein.

The process of estimating reserves is complex. It requires significant judgments and decisions based on available geological, geophysical, engineering and economic data. These estimates may change substantially as additional data from ongoing development activities and production performance becomes available and as economic conditions impacting oil and gas prices and costs change. The reserve estimates contained herein are based on current production forecasts, prices and economic conditions and are evaluated by Ryder Scott (in respect of Sea Dragon's NW Gemsa Concession). Ryder Scott is an independent engineering firms.

As circumstances change and additional data becomes available, reserve estimates also change. Estimates are reviewed and revised, either upward or downward, as warranted by the new information. Revisions are often required due to changes in well performance, prices, economic conditions and governmental restrictions.

Although every reasonable effort is made to ensure that reserve estimates are accurate, reserve estimation is an inferential science. As a result, the subjective decisions, new geological or production information and a changing environment may impact these estimates. Revisions to reserve estimates can arise from changes in year-end oil and gas prices and reservoir performance. Such revisions can be either positive or negative. The reserve estimates of Sea Dragon's oil, NGL and natural gas reserves provided in this Statement of Reserves Data and Other Oil and Gas Information are estimates only and there is no assurance or guarantee that the estimated reserves will be recovered. Actual reserves may be greater or less than the estimates provided herein. See "*Risk Factors*".

The following table sets out the future development costs which have been deduced in estimating future net revenues attributable to proved reserves and proved plus probable reserves (using forecast prices and costs) as set out in the Ryder Scott Report.

FUTURE DEVELOPMENT COSTS
(UNDISCOUNTED)
AS AT DECEMBER 31, 2009

(IN US$ MILLIONS)

	Forecast Prices and Costs	
YEAR	**Proved Reserves (1)**	**Proved Plus Probable Reserves (1)**
2010	2.9	3.5
2011	1.6	1.7
2012	0.7	0.8
2013	0.6	0.7
2014	0.6	0.7
Remaining	3.2	6.1
Total	9.6	13.5

Note:
(1) Includes both capital and operating expenditures

OTHER OIL AND GAS INFORMATION

Oil and Gas Properties with Proved and Probable Reserves

NW Gemsa Concession

The Corporation's participating interest in the NW Gemsa Concession is the only property held by the Corporation that currently has proved and probable reserves. See "*Principal Properties – NW Gemsa Concession*".

Kom Ombo Concession

The Corporation has a fifty (50%) participating interest in the Kom Ombo Concession where there are four wells producing on a long term production test. As at the most recently complete financial year and the Effective Date of this Annual Information Form, no reserves have been allocated to the Kom Ombo Concession. See "*Principal Properties – Kom Ombo Concession*".

Oil Wells

The following table sets forth the number and status of wells in which the Corporation has a working interest as at December 31, 2009. All of the Corporation's wells are located onshore.

	Oil				Gas			
Location	**Producing**		**Non-Producing**		**Producing**		**Non-Producing**	
	Gross(1)	**Net(2)**	**Gross(1)**	**Net(2)**	**Gross(1)**	**Net(2)**	**Gross(1)**	**Net(2)**
NW Gemsa	6.0	0.6	1.0	0.1	-	-	-	-
Kom Ombo	3.0	1.5	-	-	-	-	-	-
Total	9.0	2.1	1.0	0.1	-	-	-	-

Notes:
(1) "Gross Wells" are all wells in which Sea Dragon has a participating interest.
(2) "Net Wells" are Sea Dragon's participating interest share of Gross Wells.

Properties with No Attributable Reserves

Kom Ombo Concession

The Kom Ombo Concession is a large exploration block of approximately 11,446 hectares located approximately 1,000 kilometers south of Cairo, Egypt on the west bank of the Nile River. The Corporation has a fifty (50%) participating interest in the Kom Ombo Concession pursuant to the terms of the Kom Ombo Farmout Agreement and Kom Ombo Concession Agreement. See "*Three Year History – 2009 – Acquisition of Kom Ombo Concession Interest*".

The Kom Ombo Concession Agreement sets out the terms of all work commitments on the Kom Ombo Concession. The Kom Ombo Concession Agreement has three phases of exploration and is currently in its third and final phase which will expire on July 18, 2012 when all unexplored areas must be relinquished to the Egyptian Government. Under the third phase of exploration, the contractor group (which is defined as the foreign contractors, being jointly DGE and the Corporation must spend a minimum of US$9 million during the next three year period and drill at least 3 wells and acquire 400 square kilometres of 3-D seismic data. To date DGE and Sea Dragon have completed the acquisition of 126 square kilometres of 3-D seismic data. DGE and Sea Dragon have planned a seismic program to acquire an additional 300 square kilometres of 3-D seismic data and 300 kilometres of 2-D seismic data, with a scheduled start date in the second quarter of 2010. Upon completion of the seismic program, and interpretation of the acquired data, DGE and Sea Dragon anticipate commencing a three-well exploratory drilling, with the commencement date for the first well currently planned for late 2010. It is anticipated that an exploration well will be drilled in each of the next three years. It is anticipated that the cost of the seismic program will be approximately US$5 million and the cost of the three-well exploratory drilling program will be approximately US$9 million.

Upon completion of the seismic program and three-well exploratory drilling program, it is anticipated that the DGE and Sea Dragon will have satisfied the work commitment required by the Kom Ombo Concession Agreement. The work commitment is secured by a Letter of Guaranty from DGE in favour of Ganope for US$9 million. Pursuant to the Farmout Agreement, the Corporation has agreed to deliver to DGE a Letter of Guaranty issued from a commercial bank, in the amount of US$4.5 million, to cover the Corporation's 50% share of the Letter of Guaranty issued by DGE to Ganope. This amount is reduced as the work commitment is undertaken and the costs are then eligible for cost recovery. In addition, any additional work performed in prior exploration phases may be carried over to the third phase. All discoveries, once declared commercial by the operator, are then turned into twenty year development leases. The development leases can be extended in five year increments provided they do not extend beyond thirty-five years at a cost of US$500,000 for each additional five year extension.

The material fiscal terms of the Kom Ombo Concession Agreement are as follows:

1. 40% of gross production is due to the operator as cost recovery of all capital and operating expenditures. The capital expenditure are recoverable at a rate of 25% per annum and operating expenditure are recoverable at a rate of 100% per annum.

2. The remaining 60% of gross production is classified as profit, which is shared as to 65% to Ganope and 35% to the contractor group, up to 25,000 bbl/d.

3. Any production in excess of 25,000 bbl/d is shared 70% to Ganope and 30% to the contractor group.

4. All of the contractor group's share of oil may be sold to Ganope or to independent third parties at a price which is based on the market price taking into consideration the API quality of the oil produced.

5. A bonus of US$1 million will be paid to Ganope after 25,000 bbl/d is produced, and a further bonus of US$2 million will be paid to Ganope after 50,000 bbl/d is produced.

In addition, DGE and the Corporation must abide by all applicable environmental laws and upon the expiration of the development leases and any applicable extensions thereto, DGE and the Corporation are required to transfer the concession to Ganope along with all facilities in place.

Forward Contracts

The Corporation has not entered into any forward contracts or financial instruments other than as otherwise set out herein.

Abandonment and Reclamation Costs

Estimated future abandonment and reclamation costs related to properties evaluated have not been taken into account by Ryder Scott. Under the terms of the concession agreements, ownership in the facilities and wells is transferred to EGPC or Gamope through cost recovery. Therefore future abandonment and reclamation costs have been assessed a zero value.

Tax Horizon

In 2009, the Corporation did not pay any income taxes in Canada. Based on a strategy of re-investing fully all internally generated cash flow in exploration and development programs, and based on the commodity prices used in the Ryder Scott Report, Sea Dragon estimates that it will not be required to pay income taxes for the foreseeable future.

Acquisition, Exploration and Development Costs

The following table sets out Sea Dragon property acquisition, exploration and development costs for the fiscal year ended December 31, 2009.

ACQUISITION, EXPLORATION AND DEVELOPMENT COSTS
(IN US$ MILLIONS)

	Property Acquisition Costs		Exploration Costs	Development Costs
	Proved	Unproved		
EWA	-	-	9.4	-
NW Gemsa[1]	12.5	-	-	2.3
Kom Ombo[2]	-	-	-	-
Total	12.5	-	9.4	2.3

Notes:

(1) The acquisition cost of the Corporation's ten (10%) percent participating interest in the NW Gemsa Concession was US $12.5 million.

(2) While the date of the Farmout Agreement for the Kom Ombo Acquisition was December 31, 2009, no payments were due or paid until 2010.

Exploration and Development Activities

The following table sets out the number of exploration and development wells on a gross and net basis completed by the Corporation during the year ended December 31, 2009. Current exploration and development activities are focused on Kom Ombo and NW Gemsa Area in Egypt.

	Year Ended December 31, 2009			
	Exploratory		Development	
	Gross[1]	Net[2]	Gross[1]	Net[2]
Crude Oil	-	-	4.0	0.4
Natural Gas	-	-	-	-
Service Well	-	-	-	-
Dry/Abandoned[3]	2.0	1.5	-	-
Total	2.0	1.5	4.0	0.4

Notes:

(1) "Gross Wells" are wells in which Sea Dragon has a working interest.
(2) "Net Wells" are Sea Dragon's working interest share of Gross Wells.
(3) All of Sea Dragon's dry and abandoned wells were on the EWA Concession which was surrendered in July 2009.

Production Estimates

The following table sets out the estimated production of the Corporation in 2010 by product type associated with the future net revenue estimates reported in the Ryder Scott Report. No production estimates are included from the Kom Ombo Concession as the Kom Ombo Concession is not included in the Ryder Scott Report.

Area	**Reserves**			
	Light and Medium Oil (bbl)	**Heavy Oil (bbl)**	**Natural Gas (mscf)**	**Natural Gas Liquids (bbl)**
NW Gemsa				
Proved	264,477	-	-	-
Probable	33,376	-	-	-
Total Proved plus Probable	297,853			

Production History

The following table sets out the Corporation's share of average daily production volume, before deduction of royalties, the price received, royalties paid, production costs incurred and the resulting netback during the Corporation's most recently completed financial year.

	Quarter Ended 2009			
Item	**March 31**	**June 30**	**September 30**	**December 31**
Total Field Sales Volume (barrels)	-	-	27,409	52,189
Average price per barrel received (US$)	-	-	65.90	72.81
Government Share paid per barrel	-	-	35.52	39.24
Production costs per barrel	-	-	11.22	7.21
Netback per barrel	-	-	19.16	26.36

RISK FACTORS

The exploration for, and the acquisition, development and production of, oil and natural gas reserves outside of Canada is a speculative activity that involves a high degree of financial and other risk. Sea Dragon faces and will continue to face a number of known and unknown risks and uncertainties relating to its business. The following is a discussion of certain known risk factors that may affect the Corporation and its business, which must be read in conjunction with the information appearing elsewhere in this Annual Information Form and the documents incorporated by reference herein. The discussion below does not constitute an exhaustive description of all risks.

Foreign Investments

All of the Corporation's oil investments are located outside of Canada. These investments are subject to the risks associated with foreign investment including tax increases, royalty increases, re-negotiation of contracts, currency exchange fluctuations and political uncertainty. The jurisdiction in which the Corporation operates, Egypt, has a well established fiscal regime and there are some improved fiscal terms to encourage investments. The functional currency in the primary operating area is US dollars. Sea Dragon expects to be paid in US dollars when it commences production.

As operations are primarily carried out in US dollars, the main exposure to currency exchange fluctuations is the conversion to equivalent Canadian funds for reporting purposes.

Exploration, Development and Production Risks

Oil and natural gas operations involve many risks that even a combination of experience, knowledge and careful evaluation may not be able to overcome. The long-term commercial success of Sea Dragon depends on its ability to find, acquire, develop and commercially produce oil and natural gas reserves. Without the continual addition of new reserves, Sea Dragon's existing reserves and the production there from will decline over time as such existing reserves are exploited. A future increase in Sea Dragon's reserves will depend not only on its ability to explore and develop any properties it may have from time to time, but also on its ability to select and acquire suitable producing properties or prospects. No assurance can be given that Sea Dragon will be able to locate satisfactory properties for acquisition or participation. Moreover, if such acquisitions or participations are identified, management of Sea Dragon may determine that current markets, terms of acquisition and participation or pricing conditions make such acquisitions or participations uneconomic. There is no assurance that further commercial quantities of oil and natural gas will be discovered or acquired by Sea Dragon.

Future oil and natural gas exploration may involve unprofitable efforts, not only from dry wells, but also from wells that are productive but do not produce sufficient petroleum substances to return a profit after drilling, operating and other costs. Completion of a well does not assure a profit on the investment or recovery of drilling, completion and operating costs. In addition, drilling hazards or environmental damage could greatly increase the cost of operations, and various field operating conditions may adversely affect the production from successful wells. These conditions include delays in obtaining governmental approvals or consents, shut-ins of connected wells resulting from extreme weather conditions, insufficient storage or transportation capacity or other geological and mechanical conditions. While diligent well supervision and effective maintenance operations can contribute to maximizing production rates over time, production delays and declines from normal field operating conditions cannot be eliminated and can be expected to adversely affect revenue and cash flow levels to varying degrees.

Oil and natural gas exploration, development and production operations are subject to all the risks and hazards typically associated with such operations, including hazards such as fire, explosion, blowouts, cratering, sour gas releases and spills, each of which could result in substantial damage to oil and natural gas wells, production facilities, other property and the environment or personal injury. In particular, Sea Dragon may explore for and produce sour natural gas in certain areas. An unintentional leak of sour natural gas could result in personal injury, loss of life or damage to property and may necessitate an evacuation of populated areas, all of which could result in liability to Sea Dragon. In accordance with industry practice, Sea Dragon is not fully insured against all of these risks, nor are all such risks insurable. Although Sea Dragon maintains liability insurance in an amount that it considers consistent with industry practice, the nature of these risks is such that liabilities could exceed policy limits, in which event Sea Dragon could incur significant costs that could have a material adverse effect upon its financial condition. Oil and natural gas production operations are also subject to all the risks typically associated with such operations, including encountering unexpected formations or pressures, premature decline of reservoirs and the invasion of water into producing formations. Losses resulting from the occurrence of any of these risks could have a material adverse effect on Sea Dragon.

Operational Dependence

Other companies operate some of the assets in which Sea Dragon has an interest. As a result, Sea Dragon has limited ability to exercise influence over the operation of those assets or their associated costs, which could adversely affect Sea Dragon's financial performance. Sea Dragon's return on assets operated by others will therefore depend upon a number of factors that may be outside of Sea Dragon's control, including the timing and amount of capital expenditures, the operator's expertise and financial resources, the approval of other participants, the selection of technology and risk management practices.

Project Risks

Sea Dragon will manage a variety of small and large projects in the conduct of its business. Project delays may delay expected revenues from operations. Significant project cost over-runs could make a project uneconomic.

Sea Dragon's ability to execute projects and market oil and natural gas will depend upon numerous factors beyond Sea Dragon's control, including:

- the availability of processing capacity;
- the availability and proximity of pipeline capacity;
- the availability of storage capacity;
- the supply of and demand for oil and natural gas;
- the availability of alternative fuel sources;
- the effects of inclement weather;
- the availability of drilling and related equipment;
- unexpected cost increases;
- accidental events;
- currency fluctuations;
- changes in regulations;
- the availability and productivity of skilled labour; and
- the regulation of the oil and natural gas industry by various levels of government and governmental agencies.

Because of these factors, Sea Dragon could be unable to execute projects on time, on budget or at all, and may not be able to effectively market the oil and natural gas that it produces.

Competition

The Corporation operates in the highly competitive areas of oil and gas exploration, development and acquisition with a substantial number of other companies, including Untied States-based and foreign companies doing business in Egypt. The Corporation faces intense competition from independent, technology-driven companies as well as from both major and other independent oil and gas companies in seeking oil and gas exploration licences and production licences in Egypt and acquiring desirable producing properties or new leases for future exploration. The Corporation also faces competition in marketing oil and natural gas production, acquiring exploration leases, hiring skilled industry personnel and acquiring the equipment and expertise necessary to develop and operate properties.

Regulatory

Oil and natural gas operations (exploration, production, marketing and transportation) are subject to extensive controls and regulations imposed by various levels of government, which may be amended from time to time. Governments may regulate or intervene with respect to price, taxes, royalties and the exportation of oil and natural gas. Such regulations may be changed from time to time in response to economic or political conditions. The implementation of new regulations or the modification of existing regulations affecting the oil and natural gas industry could reduce demand for natural gas and crude oil and increase Sea Dragon's costs, any of which may have a material adverse effect on Sea Dragon's intended business, financial condition and results of operations. In order to conduct oil and gas operations, Sea Dragon will require licenses from various governmental authorities. There can be no assurance that Sea Dragon will be able to obtain all of the licenses and permits that may be required to conduct operations that it may wish to undertake.

Commodity Price Risk

When the Corporation has producing resource properties and commences to sell crude oil or natural gas, its revenues will be significantly affected by the prevailing world commodity prices. World prices for oil and natural gas have fluctuated widely in recent years and are future price fluctuations are expected and will have a significant impact on the projected revenue of Sea Dragon, the projected return for its current and future reserves and the general financial viability of the Corporation.

Lower commodity prices will also be factor in the Corporation's efforts to raise additional capital. Management takes the availability of investment capital into consideration as it evaluates acquisition opportunities so as to minimize the possibility of becoming illiquid by acquiring assets that may require more capital than the Corporation can provide.

Environmental Risks

Sea Dragon's current and future operations that are conducted in Egypt are subject to environmental regulations promulgated by the Egyptian government. Should Sea Dragon initiate operations in other countries, such operations will be subject to environmental legislation in such jurisdictions. Current environmental legislation in Egypt provides for restrictions and prohibitions on spills, releases or emissions of various substances produced in association with oil, condensate and natural gas operations. In addition, certain types of operations may require the submission and approval of environmental impact assessments. Sea Dragon's existing operations are subject to such environmental policies and legislation. Environmental legislation and policy is periodically amended. Such amendments may result in stricter standards and enforcement and in more stringent fines and penalties non-compliance. Environmental assessments of existing and proposed projects carry a heightened degree responsibility for companies and their directors, officers and employees. The costs of compliance associated with changes in environmental regulations could require significant expenditures, and breaches of such regulations may result in the imposition of material fines and penalties. In an extreme case, such regulations may result in temporary or permanent suspension of production operations. There can be no assurance that these environmental costs or effects will not have a materially adverse effect on Sea Dragon's future financial condition or results of operations.

Prices, Markets and Marketing

The marketability and price of oil and natural gas that may be acquired or discovered by Sea Dragon is and will continue to be affected by numerous factors beyond its control. Sea Dragon's ability to market its oil and natural gas depends upon its ability to acquire space on pipelines that deliver natural gas to commercial markets. Sea Dragon is also affected by deliverability uncertainties related to the proximity of its reserves to pipelines and processing and storage facilities and operational problems affecting such pipelines and facilities as well as extensive government regulation relating to price, taxes, royalties, land tenure, allowable production, the export of oil and natural gas and many other aspects of the oil and natural gas business.

Both oil and natural gas prices are unstable and are subject to fluctuation. Any material decline in prices could result in a reduction of Sea Dragon's net production revenue. The economics of producing from some wells may change as a result of lower prices, which could result in reduced production of oil or gas and a reduction in the volumes of Sea Dragon's reserves. Sea Dragon might also elect not to produce from certain wells at lower prices. All of these factors could result in a material decrease in Sea Dragon's net production revenue and a reduction in its oil and gas acquisition, development and exploration activities. In addition, bank borrowings available to Sea Dragon will be in part determined by Sea Dragon's borrowing base. A sustained material decline in prices from historical average prices could reduce Sea Dragon's borrowing base, therefore reducing the bank credit available to Sea Dragon which could require that a portion, or all, of Sea Dragon's bank debt be repaid and a liquidation of assets.

In Egypt, producers of oil negotiate sales contracts directly with oil purchasers, with the result that the market determines the price of oil. The price depends in part on oil quality, prices of competing fuels, distance to market, the value of refined products and the supply/demand balance. Egypt is not currently a member of the Organization of Petroleum Exporting Countries. All of Sea Dragon's share of production from the NW Gemsa Concession is sold to EGPC. The Corporation would be materially affected should EGPC be unable or unwilling to pay for the crude oil that it had acquired from Sea Dragon. The Corporation's cash flow and earnings could also be affected if EGPC delays in paying the amounts it owes to the Corporation beyond normal commercial periods.

Variations in Foreign Exchange Rates and Interest Rates

World oil and gas prices are quoted in United States dollars and the price received by Canadian producers is therefore affected by the Canadian/U.S. dollar exchange rate, which will fluctuate over time. In recent years, the Canadian dollar has increased materially in value against the United States dollar. Such material increases in the value of the Canadian dollar may negatively impact Sea Dragon's operating entities' production revenues. Further material increases in the value of the Canadian dollar would exacerbate this potential negative impact. This increase in the exchange rate for the Canadian dollar and future Canadian/United States exchange rates could accordingly impact the future value of Sea Dragon's reserves as determined by independent evaluators.

Most of the Corporation's capital expenditures and foreign operating costs are also paid in U.S. dollars and it therefore needs to purchase U.S. dollars from time to time to meet its needs. Fluctuations in the exchange rate will affect the acquisition cost of the U.S. currency and hence the cost of meeting the Corporation's financial commitments.

To the extent that Sea Dragon engages in risk management activities related to foreign exchange rates, there is a credit risk associated with counterparties with which Sea Dragon may contract.

An increase in interest rates could result in a significant increase in the amount Sea Dragon pays to service future debt, which could negatively impact the market price of the Common Shares. As of December 31, 2008 and as of the Effective Date, the Corporation did not have any long term debt obligations.

Substantial Capital Requirements

Sea Dragon anticipates making substantial capital expenditures for the acquisition, exploration, development and production of oil and natural gas reserves in the future. Sea Dragon's cash flow from its reserves may not be sufficient to fund its ongoing activities at all times or to allow it to undertake or complete future drilling programs. From time to time, Sea Dragon may require additional financing in order to carry out its oil and gas acquisition, exploration and development activities. Failure to obtain such financing on a timely basis could cause Sea Dragon to forfeit its interest in certain properties, miss certain acquisition opportunities and reduce or terminate its operations. If Sea Dragon's revenues from its reserves decrease as a result of lower oil and natural gas prices or otherwise, Sea Dragon's ability to expend the necessary capital to replace its reserves or to maintain its production will be impaired. If Sea Dragon's cash flow from operations is not sufficient to satisfy its capital expenditure requirements, there can be no assurance that additional debt or equity financing will be available to meet these requirements or, if available, on favourable terms. The inability of Sea Dragon to access sufficient capital for its operations could have a material adverse effect on Sea Dragon's financial condition, results of operations and prospects.

Issuance of Debt

From time to time Sea Dragon may enter into transactions to acquire assets or the shares of other organizations. These transactions may be financed in whole or in part with debt, which may increase Sea Dragon's debt levels above industry standards for oil and natural gas companies of similar size. Depending on future exploration and development plans, Sea Dragon may require additional equity and/or debt financing that may not be available or, if available, may not be available on favourable terms. Neither Sea Dragon's articles nor its bylaws limit the amount of indebtedness that Sea Dragon may incur. The level of Sea Dragon's indebtedness from time to time, could impair Sea Dragon's ability to obtain additional financing on a timely basis to take advantage of business opportunities that may arise.

Hedging

From time to time Sea Dragon may enter into agreements to receive fixed prices on its oil and natural gas production to offset the risk of revenue losses if commodity prices decline. However, if commodity prices increase beyond the levels set in such agreements, Sea Dragon will not benefit from such increases. Similarly, from time to time Sea Dragon may enter into agreements to fix the exchange rate of Canadian to United States dollars in order to offset the risk of revenue losses if the Canadian dollar increases in value compared to the United States dollar. However, if the Canadian dollar declines in value compared to the United States dollar, Sea Dragon will not benefit from the fluctuating exchange rate.

Availability of Drilling Equipment and Access

Oil and natural gas exploration and development activities are dependent on the availability of drilling and related equipment (typically leased from third parties) in the particular areas where such activities will be conducted.

Demand for such limited equipment or access restrictions may affect the availability of such equipment to Sea Dragon and may delay exploration and development activities. To the extent Sea Dragon is not the operator of its oil and gas properties, Sea Dragon will be dependent on such operators for the timing of activities related to such properties and will be largely unable to direct or control the activities of the operators.

Title to Assets

Sea Dragon has investigated the rights to explore the various oil and gas properties it holds or proposes to participate in and, to the best of its knowledge, those rights are in good standing. However, no assurance can be given that applicable governments will not revoke, or significantly alter the conditions of, the applicable exploration and development authorizations and that such exploration and development authorizations will not be challenged or impugned by third parties. There is no certainty that such rights or additional rights applied for will be granted or renewed on terms satisfactory to Sea Dragon. There can be no assurances that claims by third parties against Sea Dragon's properties will not be asserted at a future date.

Reserve Estimates

There are numerous uncertainties inherent in estimating quantities of oil, natural gas and NGL reserves and the future cash flows attributed to such reserves. The reserve and associated cash flow information set forth in this Annual Information Form and the documents incorporated by reference herein are estimates only. In general, estimates of economically recoverable oil and natural gas reserves and the future net cash flows there from are based upon a number of variable factors and assumptions, such as historical production from the properties, production rates, ultimate reserve recovery, timing and amount of capital expenditures, marketability of oil and gas, royalty rates, the assumed effects of regulation by governmental agencies and future operating costs, all of which may vary materially from actual results. Estimates of the economically recoverable oil and natural gas reserves attributable to any particular group of properties, classification of such reserves based on risk of recovery and estimates of future net revenues associated with reserves prepared by different engineers, or by the same engineers at different times, may vary. Sea Dragon's actual production, revenues, taxes and development and operating expenditures with respect to its reserves will vary from estimates thereof and such variations could be material.

Estimates of proved reserves that may be developed and produced in the future are often based upon volumetric calculations and upon analogy to similar types of reserves rather than actual production history. Recovery factors and drainage areas were estimated by experience and analogy to similar producing pools. Estimates based on these methods are generally less reliable than those based on actual production history. Subsequent evaluation of the same reserves based upon production history and production practices will result in variations in the estimated reserves and such variations could be material.

Insurance

Sea Dragon's involvement in the exploration for and development of oil and natural gas properties may result in Sea Dragon becoming subject to liability for pollution, blow outs, property damage, personal injury or other hazards. Although Sea Dragon will maintain insurance in accordance with industry standards to address certain of these risks, such insurance has limitations on liability and may not be sufficient to cover the full extent of such liabilities. In addition, such risks are not, in all circumstances, insurable or, in certain circumstances, Sea Dragon may elect not to obtain insurance to deal with specific risks due to the high premiums associated with such insurance or other reasons. The payment of any uninsured liabilities would reduce the funds available to Sea Dragon. The occurrence of a significant event that Sea Dragon is not fully insured against, or the insolvency of the insurer of such event, could have a material adverse effect on Sea Dragon.

Political and Economic Risks

All of Sea Dragon's oil and gas operations and related assets are located in Egypt. While Egypt has a relatively stable government, Sea Dragon's activities in Egypt may be adversely affected in varying degrees by political or economic instability. Any changes in oil and gas or investment regulations and policies or a shift in political attitudes in Egypt are beyond the control of Sea Dragon and adversely affect its business and future financial results.

Operations may be impacted in various degrees by such factors as government regulations with respect to restrictions on production, price controls, export controls, income taxes, expropriation of property, environmental legislation, land use, water use, land claims of local people and workplace safety. The impact of these factors on Sea Dragon's future results of operations cannot be accurately predicted.

Dividends

Any decision to pay dividends on the Common Shares will be made by the board of directors of Sea Dragon on the basis of Sea Dragon's earnings, financial requirements and other conditions existing at such future time. See "Dividend Record".

Conflicts of Interest

Certain directors of Sea Dragon are also directors of other oil and gas companies and as such may, in certain circumstances, have a conflict of interest requiring them to abstain from certain decisions. Conflicts, if any, will be subject to the procedures and remedies of the CBCA. See "Conflicts of Interest".

Management of Growth

Sea Dragon may be subject to growth-related risks including capacity constraints and pressure on its internal systems and controls. The ability of Sea Dragon to manage growth effectively will require it to continue to implement and improve its operational and financial systems and to expand, train and manage its employee base. The inability of Sea Dragon to deal with this growth could have a material adverse impact on its business, operations and prospects.

Expiration of Licences and Leases

Sea Dragon's properties are held in the form of licenses and leases and working interests in licenses and leases. If Sea Dragon or the holder of the license or lease fails to meet the specific requirement of a license or lease, the license or lease may terminate or expire. There can be no assurance that any of the obligations required to maintain each license or lease will be met. The termination or expiration of Sea Dragon's licenses or leases or the working interests relating to a license or lease may have a material adverse effect on Sea Dragon's results of operations and business.

Third Party Credit Risk

Sea Dragon may be exposed to third party credit risk through its contractual arrangements with its current or future joint venture partners, marketers of its petroleum and natural gas production and other parties. In the event such entities fail to meet their contractual obligations to Sea Dragon, such failures could have a material adverse effect on Sea Dragon and its cash flow from operations. In addition, poor credit conditions in the industry and of joint venture partners may impact a joint venture partner's willingness to participate in Sea Dragon's ongoing capital program, potentially delaying the program and the results of such program until Sea Dragon finds a suitable alternative partner.

Reliance on Key Personnel

Sea Dragon's success depends in large measure on certain key personnel. The loss of the services of such key personnel could have a material adverse affect on Sea Dragon. Sea Dragon does not have any key person insurance in effect for management. The contributions of the existing management team to the immediate and near term operations of Sea Dragon are likely to be of central importance. In addition, the competition for qualified personnel in the oil and natural gas industry is intense and there can be no assurance that Sea Dragon will be able to continue to attract and retain all personnel necessary for the development and operation of its business. Investors must rely upon the ability, expertise, judgment, discretion, integrity and good faith of the management of Sea Dragon.

Reliance on Strategic Relationships

Sea Dragon's existing business relies on strategic relationships in the form of joint ventures with local government bodies, other oil and gas companies and other overseas companies. There can be no assurances that these strategic relationships will continue to be maintained although at present management is not aware of any issues regarding its strategic relationships.

Sea Dragon is a ten (10%) percent owner in the NW Gemsa Concession together with Vegas Oil & Gas S.A. (a fifty (50%) percent owner and operator) and Circle Oil PLC (a forty (40%) owner). The terms of the relationship among Sea Dragon and its joint venture partners are governed by a joint operating agreement.

Sea Dragon is a fifty (50%) percent owner in the Kom Ombo Concession together with DGE. The farmout agreement governing the Kom Ombo Acquisition contemplates that Kom Ombo Concession will be co-operated by Sea Dragon and DGE. The Corporation is currently in the process of negotiating the terms of such co-operatorship.

Dilution

Sea Dragon may take future acquisitions or enter into financing or other transactions involving the issuance of securities of the Corporation which may be dilutive.

Delays in Business Operations

In addition to the usual delays in payments by purchasers of oil and natural gas to Sea Dragon or to the operators, and the delays by operators in remitting payment to the Corporation, payments between these parties may be delayed due to restrictions imposed by lenders, accounting delays, delays in the sale or delivery of products, delays in the connections of wells to a gathering system, adjustment for prior periods, or recovery by the operator of expenses incurred in the operation of the properties. Any of these delays could reduce the amount of cash flow available for the business of the Corporation in a given period and expose the Corporation to additional third party credit risks.

Changes in Legislation

The return on an investment in securities of Sea Dragon is subject to changes in Egyptian and Canadian tax laws and government incentive programs and there can be no assurance that such laws or programs will not be changed in a manner that adversely affects the Corporation or the holding and disposing of the securities of the Corporation.

Income Taxes

As the Corporation is engaged in the oil and natural gas business its operations are subject to certain unique provisions of the Income Tax Act (Canada) and applicable provincial income tax legislation relating to characterization of costs incurred in their businesses which affects whether such costs are deductible and, if deductible, the rate at which they may be ducted for the purposes of calculating taxable income. Sea Dragon will file all required income tax returns and believes that it will be in full compliance with the provisions of the Income Tax Act (Canada) and all applicable provincial tax legislation. However, such returns are subject to reassessment by the applicable taxation authority. In the event of a successful reassessment of the Corporation, whether by re-characterization of costs or otherwise, such reassessment may have an impact on current and future taxes payable.

Sea Dragon will also be subject to various tax regimes in foreign countries that are subject to changes in legislation and interpretation. The Corporation will file foreign income and other tax returns as are required and believes it will be in full compliance with the relevant foreign legislations.

Accounting Write-Downs as a Result of GAAP

Canadian generally accepted accounting principles ("**GAAP**") require that management apply certain accounting policies and make certain estimates and assumptions which affect reported amounts in the financial statements of

Sea Dragon. The accounting policies may result in non-cash charges to net income and write-downs of net assets in the financial statements. Such non-cash charges and write-downs may be viewed unfavourably by the market and result in an inability to borrow funds and/or may result in a decline in the trading price of the Corporation's Common Shares.

Under GAAP, the net amount at which petroleum and natural gas properties are carried are subject to a cost-recovery test which is based in part upon estimated future net cash flow from oil and natural gas reserves. If net capitalized costs exceed the future discounted cash flows, Sea Dragon will have to charge the amounts of the excess to earnings. A decline in the estimated future net cash flow from oil and natural gas reserves could cause capitalized costs to exceed the cost ceiling, resulting in a charge against earnings.

GAAP requires that goodwill balances be assessed at least annually for impairment and that any permanent impairment be charged to net income. A permanent reduction in reserves, decline in commodity prices, and/or reduction in the trading price of the common shares of the Corporation may indicate a goodwill impairment. An impairment would result in a write-down of the goodwill value and a non-cash charge against net income. The calculation of impairment value is subject to management estimates and assumptions.

DESCRIPTION OF SHARE CAPITAL

The Corporation's authorized share capital consists of an unlimited number of common shares and an unlimited number of preference shares, issuable in one or more series. There are currently 375,635,878 common shares of the Corporation issued and outstanding as at the Effective Date of this Annual Information Form.

Common Shares

The holders of the common shares are entitled to receive notice of and to attend at and to vote at meetings of holders of common shares on the basis of one vote per common share, to receive dividends declared on the common shares, subject to the rights of the holders of shares of the Corporation ranking prior to the Common Shares, to receive pro rata the remaining property of the Corporation upon dissolution in equal rank with the holders of other common shares of the Corporation, and such other rights, privileges and restrictions normally attached to common shares.

Preference Shares

The board of directors may issue preference shares at any time and from time to time in one or more series. The board of directors has the authority to determine the price, number, designation, rights, privileges, restrictions and conditions, including dividend rights, of each series without further vote or action by shareholders. With respect to the payment of dividends and the distribution of assets in the event of the liquidation, dissolution or winding up of the Corporation, the preference shares rank in priority to the common shares. At the Effective Date, there are no preference shares issued and the Corporation has no current plans to issue any preference shares.

MARKET FOR SECURITIES

Trading Price and Volume

Sea Dragon's common shares are listed and posted on the Exchange under the trading symbol "SDX". The following table sets out the monthly high and low closing prices and the total monthly trading volumes on the Exchange for the indicated periods:

2009	High ($)	Low ($)	Volume
January	0.24	0.13	5,387,300
February	0.24	0.08	15,975,400
March	0.10	0.07	4,751,100
April	0.14	0.09	4,295,200
May	0.12	0.09	2,913,900
June	0.14	0.09	4,768,800
July	0.14	0.09	3,771,500
August	0.30	0.13	24,736,100
September	0.39	0.23	20,442,900
October	0.60	0.25	41,415,000
November	0.56	0.42	14,274,200
December	0.55	0.36	9,709,600
2010			
January	0.71	0.48	18,657,900
February	0.55	0.48	2,457,500
March	0.51	0.40	29,401,084
April 1 – 27	0.54	0.425	33,147,638

DIVIDEND POLICY

The Corporation has not declared or paid any cash dividends or distributions since its incorporation. Other than pursuant to the Exchange's policies and applicable corporate law, there are no restrictions on the Corporation that would prevent it from paying a dividend. However, the Board of Directors intends to retain future earnings for reinvestment in the Corporation's business and, therefore, has no current intention to declare or pay dividends on the common shares for the foreseeable future. The Corporation's dividend policy will be reviewed from time to time in the context of its earnings, financial condition and other relevant factors.

ESCROWED SECURITIES

The number of common shares of the Corporation held in escrow and the percentage that number represents of the outstanding common shares of the Corporation as at December 31, 2009 and the Effective Date is as follows:

Designation of Class	Number of Securities Held in Escrow as at December 31, 2009	Percentage of Class as at December 31, 2009(1)	Number of Securities Held in Escrow as at the Effective Date	Percentage of Class as at the Effective Date(2)
Common Shares(3)	8,473,999	4.1%	6,355,499	1.7%

Notes:

(1) The Corporation had 206,131,405 Common Shares issued and outstanding at December 31, 2009.

(2) The Corporation had 375,635,878 Common Shares issued and outstanding at the Effective Date.

(3) Common Shares held in escrow pursuant to an escrow agreement dated July 15, 2008 among the Corporation, Equity Transfer & Trust Company and certain shareholders of the Corporation. The Common Shares were releasable as to 10% on July 18, 2008, the date of the notice from the Exchange confirming listing of the Common Shares on the Exchange, and as to 15% on each of the 6, 12, 18, 24, 30 and 36 month anniversaries of such notice.

DIRECTORS AND OFFICERS

The following table sets out as at December 31, 2009 for each of the Corporation's directors and executive officers, the person's name, municipality of residence, position within the Corporation, principal occupation and how long they have served as a director or officer of the Corporation.

Name and Municipality of Residence	Position(s) with the Corporation	Principal Occupation in the Last Five (5) Years
Said S. Arrata Calgary, Alberta	Chairman, Chief Executive Officer and Director	Executive Chairman and Chief Executive Officer of Sea Dragon from July 2009 to present; Director of Dana Gas Co. from January 2007 to December 2008; Chairman and Chief Executive Officer of Centurion Energy International Inc. from June 1997 to January 2007.
David M. Thompson,(2) Paget, Bermuda	Senior Vice President and Director	Senior Vice President of Sea Dragon from July 2009 to present; President and Chief Executive Officer of Sea Dragon from March 2006 to July 2009; CFO of Forum Energy Plc, from June 2001 to July 2005; Managing Director of AMS Limited from October 1992 to present.
Ahmed Farid Ahmed Moaaz, Cairo, Egypt	Director and Country Manager	Country Manager of Sea Dragon since October 2006 to present; Vice President (Operations) of Trident Petroleum International from May 2005 to September 2006; Chairman and Managing Director of El Wastani, owned by Centurion Energy International Inc. and Egyptian Natural Gas Holding Corporation (E-Gas), from August 2003 to April 2005; Deputy Chairman for production for the EGPC from September 2002 to August 2003.
David Wilson(1)(2)(3) Calgary, Alberta	Director	From March 1999 to December 2007, various positions with Nations Energy Corporation Ltd., including Vice President of Development Geology, Advisor, President of Karazanbas-CaspiShelf and Executive Vice President of Mergers and Acquisitions; Director and Executive Vice-President Mergers and Acquisitions of Nations Petroleum Corporation Ltd. from January 2007 to May 2007; Director, Chairman of the Board and President of Tartan Energy (Canada) Ltd. from September 2006 to May 31, 2007; Director and Vice President of Tracer Petroleum Inc. from June 1998 to June 2005.
Barry Swan(1)(3) Calgary, Alberta	Director	President of 677651 Alberta Limited, a private energy Corporation, from September 1994 to present; Senior Vice President and Chief Financial Officer of Centurion Energy International Inc. from May 1997 to January 2007.
Paul Moase,(1)(2)(3) Toronto, Ontario	Director	2006 to present, independent Business Advisor; from 2004 to 2006 Managing Director of MGI Securities Capital Markets.
Cameron Dow Calgary, Alberta	Chief Financial Officer	Chief Financial Officer of Sea Dragon from December 2008 to present; Chief Financial Officer for Calvalley Petroleum, Inc from December 2005 until January 2008. Partner of Daunheimer & Dow LLP, independent Tax and Audit Consultants, from 1991 to 2006.
Dr. Barry G.M. Wood, Oxon, United Kingdom	Vice President, Geology	Self-employed since September 1997.
Tony Anton Calgary, Alberta	Senior Vice President Acquisitions Engineering	Senior Vice President Acquisitions and Engineering of Sea Dragon from November 2009 to present; 2002 to 2008 Vice President and COO for Centurion Energy International, Inc. Centurion was sold to Dana Gas Egypt in January 2007 and Mr. Anton continued to work with Centurion during the transition phase.
Mike Zayat Calgary, Alberta	Senior Vice President Exploration	Senior Vice President Exploration of Sea Dragon from November 2009 to present; 2000 to 2007 Vice President exploration and Business development with Centurion Oil International Inc, Calgary. After Centurion consulting independently until joining Sea Dragon in November 2009.

Notes:

(1) Member of the Audit Committee.
(2) Member of the Reserve Committee.
(3) Member of the Compensation Committee.

As at the Effective Date, the directors and executive officer of the Corporation, as a group, beneficially owned, or controlled or directed, directly or indirectly, 22,146,000 common shares of the Corporation or approximately 5.9% of the issued and outstanding Common Shares. This information, as to the number of Common Shares beneficially owned, controlled, or directed, not being within the knowledge of the Corporation, has been furnished by the respective directors and executive officers of the Corporation individually.

Cease Trade Orders, Bankruptcies and Penalties and Sanctions

Except as described below, no director, executive officer or control person of the Corporation is, or within the ten years prior to the date of this prospectus has been, a director or officer of any issuer that, while such person was acting in that capacity, was the subject of a cease trade or similar order or an order that denied the issuer access to any statutory exemptions for a period of more than 30 consecutive days or was declared a bankrupt or made a voluntary assignment in bankruptcy, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver-manager or trustee appointed to hold the assets of that person:

- Parvez Tyab, a director and officer of the Corporation until July 2009, was a director and officer of Dayton Shoe Co. Ltd. ("**Dayton**"), a private British Columbia company, from February 1999 to October 2004. In October 2004, Dayton was placed into receivership.

- Said Arrata, a director and officer of the Corporation, was a director of Fuel-X International, a private equity company until May 2008, which was put into receivership as a result of the inability to raise necessary funds to continue operations.

- Cameron Dow, an officer of the Corporation, was a director of Fairsky Resources Inc. ("**Fairsky**"), an Alberta company listed on the TSXV, until December 2006. In December 2006, Fairsky was placed into receivership.

No director, officer or control person of the Corporation has been subject to any penalties or sanctions imposed by a court relating to Canadian securities legislation or by a Canadian securities regulatory authority or has entered into a settlement agreement with a Canadian securities regulatory authority or has been subject to any other penalties or sanctions imposed by a court or regulatory body which would be important to a reasonable investor making an investment decision.

No director, officer or control person of the Corporation (or a personal holding company of any such person) is, or within the ten years prior to the date of this prospectus has become, bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or has been subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold his assets.

CONFLICTS OF INTEREST

There are potential conflicts of interest to which the directors and officers of Sea Dragon will be subject in connection with the operations of Sea Dragon. In particular, certain of the directors and officers of Sea Dragon are involved in managerial or director positions with other oil and gas or investment companies whose operations may, from time to time, be in direct competition with those of Sea Dragon or with entities which may, from time to time, provide financing to, or make equity investments in, competitors of Sea Dragon. Conflicts, if any, will be subject to the procedures and remedies available under the CBCA. The CBCA provides that in the event that a director has an interest in a contract or proposed contract or agreement, the director will disclose his interest in such contract or agreement and will refrain from voting on any matter in respect of such contract or agreement unless otherwise provided in the CBCA.

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

On May 30, 2008 (as amended on June 30, 2008), a statement of claim (the "Claim") was filed in the province of British Columbia by Transpacific and Ghareeb Awad (the "Plaintiffs") against the Minister of Petroleum – Egypt, Dover Investments Limited and the Corporation (the "Defendants"). The Plaintiffs allege, among other things, that the actions on behalf of the Defendants have resulted in Transpacific not being recognized for a 25% interest in the EWA Concession Agreement. They seek injunctions and damages as compensation.

On November 10, 2008 the British Columbia Supreme Court ruled in favour of the Corporation when it concluded that the Plaintiffs did not have a legal right to initiate a court action in respect of a contractual dispute involving the EWA concession in Egypt. This matter accordingly moved to arbitration in Alberta and on April 6, 2009 the arbitration tribunal stayed the proceedings indefinitely following the failure of the plaintiffs to fund their share of the costs of the arbitration.

The Plaintiffs sought to appeal the decision to refer this matter to Arbitration but the Court of Appeal for British Columbia denied the application on November 30, 2009.

To the knowledge of the Corporation, there are no other outstanding legal proceedings material to the Corporation to which the Corporation is or was a party to, or in respect of which any of its properties are or were subject of during the year ended December 31, 2009, nor are there any such proceedings known to be contemplated.

On April 16, 2010, the Plaintiff's initiated a new legal action against the Corporation in the Court of Queen's Bench of Alberta. The Plaintiff's legal action is substantially the same claim as previously advanced and dismissed. The Corporation intends to make application to summarily dismiss the Plaintiff's action on several grounds including res judicata.

There were no penalties or sanctions imposed against the Corporation by a court relating to securities legislation or by a securities regulatory authority during the year ended December 31, 2009, no other penalties or sanctions imposed by a court or regulatory body against the Corporation that would likely be considered important to a reasonable investor making an investment decision, and no settlement agreements entered into by the Corporation with a court relating to securities legislation or with a securities regulatory authority during the year ended December 31, 2008.

INTERESTS OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Other than as set forth herein, the directors and executive officers of the Corporation are not aware of any material interest, direct or indirect, of any director, executive officer, principal shareholder of the Corporation, or any associate or affiliate thereof, in any transaction within the last three years, or in any proposed transaction, that has materially affected or will materially affect the Corporation:

- On April 8, 2008, the shareholders of EOHL sold all of the issued and outstanding shares of EOHL to Sea Dragon in exchange for 24 million common shares of Sea Dragon, valued at $0.1525 per share, for total consideration of $3,660,000 plus the elimination of the $765,000 debt assumed by EOHL and owed to Sea Dragon.

- On December 31, 2009, the Corporation entered into a farmout agreement with DGE, whereby the Corporation acquired a 50% working interest in the Kom Ombo Concession for cash consideration of $US 41.27 million. Said Arrata, an executive officer and director of the Corporation is a director of DGE. See "*General Development of the Business – 2009 – Acquisition of Kom Ombo Concession Interest*".

INTERESTS OF EXPERTS

Other than as disclosed herein, there is no person or Corporation whose profession or business gives authority to a statement made by such person or Corporation and who is named as having prepared or certified a statement, report or valuation described or included in a filing, or referred to in a filing, made under NI 51-102 by Sea Dragon during, or related to, our most recently completed financial year. BDO Dunwoody, LLP, the Corporation's auditors, are independent of the Corporation in accordance with the auditor's rules of professional conduct in the Province of Alberta. None of the designated professionals of BDO Dunwoody, LLP, has any registered or beneficial interest, direct or indirect, in any securities or property of the Corporation.

In addition, none of the aforementioned persons or companies, nor any director, officer or employee of any of the aforementioned persons or companies, is or is expected to be elected, appointed or employed as a director, officer or employee of Sea Dragon or of any associate or affiliate of Sea Dragon.

PROMOTERS

David M. Thompson and Parvez Tyab may be considered promoters of the Corporation by virtue of their initiative in founding and organizing the business and affairs of the Corporation. Other than as disclosed elsewhere in this Annual Information Form, neither Mr. Thompson nor Mr. Tyab has received and will not receive, either directly or indirectly, anything of value, including money, property, contracts, options or rights of any kind, from the Corporation. See "Conflicts of Interest".

As of the Effective Date, Mr. Thompson beneficially owns, controls or directs, directly or indirectly, 6,247,000 common shares of the Corporation (representing approximately 2.7% of the issued and outstanding common shares of the Corporation as of the Effective Date) and Mr. Tyab beneficially owns, controls or directs, directly or indirectly, 4,121,667 common shares of the Corporation (representing approximately 1.8% of the issued and outstanding common shares of the Corporation as of the Effective Date). Mr. Tyab resigned as an officer and director of the Corporation in July, 2009.

MATERIAL CONTRACTS

Except for contracts entered into in the ordinary course of business or as otherwise disclosed herein, there have been no material contracts entered into by the Corporation within the most recently completed financial year, or before the most recently completed financial year that are still in effect.

AUDITORS, TRANSFER AGENT AND REGISTRAR

The Corporation's auditor is BDO Dunwoody LLP which is independent in accordance with the Rules of Professional Conduct of the Institute of Chartered Accountants of Alberta.

Equity Transfer and Trust, at its principal offices in Calgary, Alberta and Toronto, Ontario is the transfer agent and registrar of the Common Shares of the Corporation.

ADDITIONAL INFORMATION

Additional information relating to the Corporation can be found on SEDAR at www.sedar.com. Additional information, including directors' and officers' remuneration and indebtedness, principal holders of the Corporation's securities and securities authorized for issuance under equity compensation plans is contained in the Corporation's information circular for the Corporation's most recent annual meeting of shareholders that involved the election of directors. Additional financial information is contained in the Corporation's consolidated financial statements and the related management's discussion and analysis for its most recently completed financial year.

APPENDIX A

FORM 51-101F2
REPORT ON RESERVES DATA
BY
RYDER SCOTT COMPANY-CANADA

To The Board of Directors of Sea Dragon Energy Inc. (the "Company"):

1. We have evaluated the Company's reserves data as at December 31, 2009. The reserves data are estimates of proved reserves and probable reserves and related future net revenue as at December 31, 2009, estimated using forecast prices and costs.

2. The reserves data are the responsibility of the Company's management. Our responsibility is to express an opinion on the reserves data based on our evaluation.

   We carried out our evaluation in accordance with standards set out in the Canadian Oil and Gas Evaluation Handbook (the "COGE Handbook") prepared jointly by the Society of Petroleum Evaluation Engineers (Calgary Chapter) and the Canadian Institute of Mining, Metallurgy & Petroleum (Petroleum Society).

3. Those standards require that we plan and perform an evaluation to obtain reasonable assurance as to whether the reserves data are free of material misstatement. An evaluation also includes assessing whether the reserves data are in accordance with principles and definitions presented in the COGE Handbook.

4. The following table sets forth the estimated future net revenue (before deduction of income taxes) attributed to proved plus probable reserves, estimated using forecast prices and costs and calculated using a discount rate of 10 percent, included in the reserves data of the Company evaluated by us for the year ended December 31, 2009, and identifies the respective portions thereof that we have audited, evaluated and reviewed and reported on to the Company's management:

			Net Present Value of Future Net Revenue (before income taxes, 10% discount rate) (CAD 000's)			
Independent Qualified Reserves Evaluator	Description and Preparation Date of Evaluation Report	Location of Reserves (Country or Foreign Geographic Area)	Audited	Evaluated	Reviewed	Total
Ryder Scott Company	Estimate of Reserves and Future Income Report Prepared March 26, 2010	Egypt	N/A	$20,774	N/A	$20,774

5. In our opinion, the reserves data respectively evaluated by us have, in all material respects, been determined and are in accordance with the COGE

Handbook. We express no opinion on the reserves data that we reviewed but did not audit or evaluate.

6. We have no responsibility to update our reports referred to in paragraph 4 for events and circumstances occurring after their respective preparation dates.

7. Because the reserves are based on judgments regarding future events, actual results will vary and the variations may be material. However, any variations should be consistent with the fact that reserves are categorized according to the probability of their recovery.

Executed as to our report referred to above:

Ryder Scott Company-Canada, Calgary, Alberta, Canada

Execution Date: Dated as of the 26th day of March, 2010

Signed by:

Howard C. Lam, P.Eng.
Managing Senior Vice President

APPENDIX B

SEA DRAGON ENERGY INC.

REPORT OF MANAGEMENT AND DIRECTORS ON RESERVES DATA AND OTHER INFORMATION

Management of the Sea Dragon Energy Inc. (the "Corporation") is responsible for the preparation and disclosure of information with respect to the Corporation's oil and gas activities in accordance with securities regulatory requirements. This information includes reserves data which are estimates of proved reserves and probable reserves and related future net revenue as at December 31, 2009, estimated using forecast prices and costs.

An independent qualified reserves evaluator, has evaluated and reviewed the Corporation's reserves data. The report of the independent qualified reserves evaluator will be filed with securities regulatory authorities concurrently with this report.

The Board of Directors of the Corporation has:

(a) reviewed the Corporation's procedures for providing information to the independent qualified reserves evaluator;

(b) met with independent qualified reserves evaluator to determine whether any restrictions affected the ability of the independent qualified reserves evaluator to report without reservation; and

(c) reviewed the reserves data with management and the independent qualified reserves evaluator.

The Board of Directors has reviewed the Corporation's procedures for assembling and reporting other information associated with oil and gas activities and has reviewed that information with management. The board of directors has approved:

(a) the content and filing with securities regulatory authorities of Form 51-101F1 containing reserves data and other oil and gas information;

(b) the filing of Form 51-101F2 which is the report of the independent qualified reserves evaluators on the reserves data; and

(c) the content and filing of this report.

Because the reserves data is based on judgements regarding future events, actual results will vary and the variations may be material. However, any variations should be consist with the fact that reserves are categorized according to the probability of their recovery.

"*Said Arrata*"
Said Arrata , Chairman and CEO

"*David Thompson*"
David Thompson, Senior Vice President

"*David Wilson*"
David Wilson, Director

"*Paul Moase*"
Paul Moase, Director

Dated: April 30, 2010