

## Form 51-102 F3

### *Material Change Report*

#### **1. Name and Address of Company**

Sea Dragon Energy Inc. (the “**Corporation**”)  
340 – 12<sup>th</sup> Avenue S.W., Suite 1100  
Calgary, Alberta  
T2R 1L5

#### **2. Date of Material Change**

January 25, 2010

#### **3. News Release**

A news release was issued on January 25, 2010 through the facilities of Marketwire and filed with regulatory authorities in Canada.

#### **4. Summary of Material Change**

The Corporation has closed its previously announced underwritten private placement financing, for total gross proceeds of C\$12,501,500.

#### **5. Full Description of Material Change**

The Corporation has closed its previously announced underwritten private placement financing, for total gross proceeds of C\$12,501,500 (the “**Financing**”). Pursuant to the Financing, the Corporation has issued 22,730,000 special warrants (“**Special Warrants**”) at a price of \$0.55 per Special Warrant. The Financing was completed by a syndicate of underwriters, led by Thomas Weisel Partners Canada Inc. and including Maison Placements Canada Inc. The underwriters received a cash commission of 5% of the gross proceeds raised on the Financing.

The Underwriters have been granted an option to purchase, on the same terms, up to an additional 4,550,000 Special Warrants. This option is exercisable, in whole or in part, by the underwriters, in their sole discretion, at any time before February 24, 2010. Additional gross proceeds of approximately Cdn\$2.5 million will be realized, should the option be exercised in full.

Each Special Warrant will entitle the holder thereof to receive one common share of the Corporation (“**Common Share**”) on the exercise of the Special Warrant. The Special Warrants will be automatically exercised without any further action on the part of the holder, and for no additional consideration, on such date that is the earlier of: (a) the third business day after a receipt is issued for a final prospectus qualifying

the Common Shares to be issued upon the exercise of the Special Warrants by the securities regulatory authorities in each of the provinces of Canada where the Special Warrants are sold; and (b) four months and a day following the date of issue of the Special Warrants. If a receipt for the final prospectus is not obtained on or before April 1, 2010, each holder of a Special Warrant will, upon the deemed exercise of the Special Warrants, receive 1.05 of a Common Share for each Special Warrant so exercised in lieu of one (1) Special Warrant.

The net proceeds of the Offering will be used to finance the US\$8,000,000 million deposit of the Corporation's previously announced acquisition of a fifty (50%) percent participating interest in the Kom Ombo (Block-2) Concession and working capital for general corporate purposes. The Special Warrants shall be subject to a hold period under applicable securities laws until May 26, 2010.

### **Forward Looking Statements**

Statements in this report that are forward-looking statements are subject to various risks and uncertainties concerning the specific factors disclosed under the heading Risk Factors and elsewhere in the Corporation's filings with Canadian securities regulators. The Corporation does not assume any obligation to update any forward-looking statements, save and expect as may be required by applicable securities laws.

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

Not applicable

#### **7. Omitted Information**

None

#### **8. Executive Officer**

The following senior officer of the Corporation is knowledgeable about the material change and this report and may be contacted by any securities commission regarding the change:

David Thompson  
Senior Vice President and Director  
(403) 457-5035

#### **9. Date of Report**

February 3, 2010