

Form 51-102 F3

Material Change Report

Item 1.

Name and Address of Company

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

Item 2.

Date of Material Change

March 26, 2010.

Item 3.

News Release

Press releases were disseminated on March 26, 2010 via Marketwire.

Item 4.

Summary of Material Change

The Corporation announced on March 26, 2010 that it had entered into an agreement with a syndicate of underwriters, co-led by GMP Securities L.P. and Thomas Weisel Partners Canada Inc. and including Genuity Capital Markets, FirstEnergy Capital Corp. and Maison Placements Canada Inc. (collectively, the “**Underwriters**”) pursuant to which the Underwriters agreed to purchase, on a bought deal basis pursuant to a short form prospectus, 112,500,000 common shares (“**Common Shares**”) at a price of \$0.40 per Common Share for gross proceeds to Sea Dragon of approximately \$45 million (the “**Offering**”). The Corporation subsequently announced on March 26, 2010 that the Corporation and the Underwriters agreed to increase the size of the Offering to an aggregate of 142,500,000 Common Shares at a price of \$0.40 per Common Share for gross proceeds to Sea Dragon of \$57 million.

Item 5.

Full Description of Material Change

5.1 Full Description of Material Change

On March 26, 2010, the Corporation entered into an agreement with the Underwriters pursuant to which the Underwriters agreed to purchase, on a bought deal basis pursuant to a short form prospectus, 112,500,000 Common Shares at a price of \$0.40 per Common Share for gross proceeds to Sea Dragon of approximately \$45 million. The Corporation subsequently announced on March 26, 2010 that the Corporation and the Underwriters agreed to increase the size of the Offering to an aggregate of 142,500,000 Common Shares at a price of \$0.40 per Common Share for gross proceeds to Sea Dragon of \$57 million.

Proceeds of the Offering will be used by Sea Dragon to pay the balance of the consideration of approximately US\$35 million due to Dana Gas Egypt Ltd. in connection with Sea Dragon's recent acquisition of a fifty (50%) percent participating interest in the Kom Ombo (Block-2) Concession located approximately 1,000 kilometers south of Cairo in the West Bank of the Nile River, to pay its share of past and future exploration and development costs on the Kom Ombo Concession and for general working capital.

The Offering will be an underwritten public issue in all provinces of Canada, excluding Quebec, by way of a short form prospectus. The Offering will also be extended to qualified institutional buyers and institutional accredited investors in the United States pursuant to exemptions provided by Rule 144A and/or Regulation D of the Securities Act of 1933, as amended, and internationally as permitted in compliance with applicable law. Closing is expected to occur on or about April 19, 2010 and is subject to certain conditions, including but not limited to, the receipt of all necessary approvals, including the approval of the TSX Venture Exchange.

The securities offered have not been and will not be registered under the U.S. Securities Act of 1933, as amended, and may not be offered or sold in the United States absent registration, or applicable exemption from the registration requirements. This material change report shall not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the securities in any jurisdiction in which such offer, solicitation or sale would be unlawful.

5.2 Disclosure for Restructuring Transactions

Not applicable.

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

Not applicable.

Item 7. Omitted Information

Not applicable.

Item 8. Executive Officer

The name and business number of the executive officer of Sea Dragon who is knowledgeable about the material change and this report is:

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

Item 9.

Date of Report

April 5, 2010.

Forward Looking Information

Certain statements made herein contain forward-looking information, including statements concerning the anticipated closing date of the Offering, the anticipated use of proceeds and the ongoing exploration and development plans and costs associated with the Kom Ombo Concession. Although Sea Dragon believes these statements to be reasonable, the assumptions upon which they are based may prove to be incorrect. In particular, the closing of the Offering may be delayed unless and until certain conditions customary for transactions of this kind are satisfied. Accordingly, there is a risk that the Offering will not be completed within the anticipated time or at all. The intended use of the net proceeds of the Offering by Sea Dragon may change if the board of directors of the Corporation determines that it would be in the best interests of Sea Dragon to deploy the proceeds for some other purpose. The forward looking information contained in this material change report are made as of the date hereof and the Corporation undertakes no obligation to update publicly or revise any forward-looking statements or information, whether as a result of new information, future events or otherwise, unless so required by applicable securities laws.