



Sea Dragon Energy Inc.

SEA DRAGON ENERGY INC.

Annual Information Form
For the year ended December 31, 2011

April 30, 2012

TABLE OF CONTENTS

MONETARY REFERENCES	ii
ABBREVIATIONS	ii
CONVERSION	ii
CONVENTIONS	ii
FORWARD-LOOKING STATEMENTS	iii
PRESENTATION OF OIL AND GAS INFORMATION	vi
EFFECTIVE DATE	vi
CORPORATE STRUCTURE.....	1
Name, Address and Incorporation	1
Intercorporate Relationships.....	1
GENERAL DEVELOPMENT OF THE BUSINESS	2
Three Year History	2
Subsequent Events – 2012.....	6
Significant Acquisitions	10
DESCRIPTION OF THE BUSINESS AND OPERATIONS	11
Management Strategy and Development	11
Marketing	11
Specialized Skill and Knowledge	12
Competitive Conditions	12
Cyclical and Seasonal Nature of Industry.....	12
Economic Dependence.....	12
Environmental and Insurance Requirements.....	12
Employees	13
Foreign Operations	13
Tax Horizon.....	13
Principal Properties	14
INDUSTRY AND MARKET OVERVIEW	17
Overview of the Development of Oil and Gas in Egypt.....	17
Legislative and Fiscal Structure of the Egyptian Oil and Gas Industry.....	18
STATEMENT OF RESERVES DATA AND OTHER OIL AND GAS INFORMATION	18
Pricing Assumptions - Forecast Prices and Costs	24
Reconciliation of Changes in Gross Reserves.....	24
Additional Information Relating to Reserves Data	26
Other Oil and Gas Information.....	27
RISK FACTORS	31
DESCRIPTION OF SHARE CAPITAL	44
Common Shares.....	44
Preference Shares.....	44
MARKET FOR SECURITIES	44
Trading Price and Volume	44
Prior Sales	45
DIVIDEND POLICY	45
ESCROWED SECURITIES	45
DIRECTORS AND OFFICERS	45
Cease Trade Orders, Bankruptcies and Penalties and Sanctions.....	46
CONFLICTS OF INTEREST	47
LEGAL PROCEEDINGS AND REGULATORY ACTIONS.....	47
INTERESTS OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS.....	48
INTERESTS OF EXPERTS	48
MATERIAL CONTRACTS	49
AUDITORS, TRANSFER AGENT AND REGISTRAR	49
ADDITIONAL INFORMATION	49
APPENDIX A FORM 51-101F2	A-1
APPENDIX B FORM 51-101F2.....	B-1
APPENDIX C FORM 51-101F3.....	C-1

MONETARY REFERENCES

All dollar amounts in this annual information form (the “**Annual Information Form**”), unless otherwise indicated, are stated in United States currency. All references herein to “\$” or “US\$” are to United States dollars unless otherwise specified. References herein to “\$CDN” are to Canadian dollars.

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
mscf/d	thousand standard cubic feet per day
mmscf/d	million 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

CONVERSION

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

<u>To Convert From</u>	<u>To</u>	<u>Multiply By</u>
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 constitute forward-looking statements. These statements relate to future events or the Sea Dragon'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 Corporation.

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

- the quantity and quality of oil and natural gas reserves and resources;
- the performance characteristics of the Corporation's oil and gas properties;
- oil and natural gas production levels;
- any estimate of present value or future cash flow;
- receiving payment of crude oil marketing contracts;
- ability of the Corporation to meet its spending commitments;
- drilling inventory, drilling plans and timing of drilling, completion and tie-in of wells;
- productive capacity of wells, anticipated or expected production rates and anticipated dates of commencement of production;
- capital expenditure programs and the timing, allocation and results therefrom;
- future development and exploration activities and the timing thereof;
- future land and/or concession expiries and relinquishments;
- drilling, completion and facilities costs;
- abandonment and reclamation costs;
- anticipated finding and development costs, onstream costs and operating costs;
- timing of development of undeveloped reserves and resources;
- results of various projects of the Corporation;
- estimated future contractual obligations and the amount expected to be incurred under the Corporation's farm-in commitments;
- growth expectations of the Corporation;
- the tax horizon and taxability of the Corporation;
- estimated cost of future contractual obligations;
- timing and extent of work programs by third party industry partners;
- 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;
- future liquidity and financial capacity of the Corporation;
- realization of the anticipated benefits of acquisitions and dispositions, including the NPC Acquisition (as defined herein);
- expected levels of operating costs, general and administrative costs, costs of services and other costs and expenses associated with the Corporation's business;
- availability of funds under existing credit facilities;
- expectations relating to the award of exploration permits by governmental authorities;

- results and impact of legal proceedings involving the Corporation, NPC Egypt (as defined herein) or its subsidiaries;
- treatment of the Corporation and its assets under government regulatory and taxation regimes;
- the timing of the special meeting of the Corporation to approve the NPC Acquisition;
- the completion of the NPC Acquisition and the IFC Financing (as defined herein) and the closing dates thereof;
- the use of proceeds of the IFC Financing;
- the timing and completion of the Pre-Closing Reorganization (as defined herein);
- the acceptance and recognition by the Egyptian General Petroleum Corporation of certain instruments required to give effect to the Pre-Closing Reorganization;
- expectations regarding the extension or renewal of the documents relating to the NPC Egypt Concessions (as defined herein) or development leases relating to the NPC Egypt Concessions by Egyptian General Petroleum Corporation or the Egyptian Natural Gas Holding Company, as applicable;
- third party, stock exchange, governmental and/or regulatory approvals and the timing thereof;
- the Share Consolidation (as defined herein); and
- treatment under government regulatory and taxation regimes.

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

- oil and natural gas production levels;
- commodity prices;
- that oil and natural gas prices will be substantially in line with current price forecasts of its engineers;
- where applicable, that well production rates and reserves volumes will be consistent with past performance;
- exploration and development costs;
- 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;
- that the Corporation will be able to obtain equity and debt financing on satisfactory terms and on a timely basis;
- that capital expenditure levels will be consistent with the Corporation's disclosed capital expenditure program;
- availability of labour and drilling equipment;
- general economic and financial market conditions;
- that there will be no significant changes to economic conditions or political stability in Egypt;
- government regulation in the areas of taxation, royalty rates and environmental protection;
- timely receipt of the necessary third party, stock exchange and governmental and/or regulatory approvals; and
- successful completion of the Pre-Closing Reorganization and the IFC Financing;

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;
- changes or disruptions in the political or fiscal regimes in the Corporation's areas of operation, which areas of operation are currently located in Egypt which recently has experienced political unrest and change;
- the possible effects of political and economic instability in Egypt;

- changes in government in Egypt resulting in expropriation of assets or material adverse changes to existing production sharing contracts;
- possible changes to the legal regime in Egypt relating to oil and gas exploration and production;
- changes in income tax laws or changes in tax laws and incentive programs relating to the oil and gas industry in Canada, Egypt or in the Corporation's future areas of operations;
- governmental regulation of the oil and gas industry, including environmental regulation;
- the risk that the concession agreements and development leases in which the Corporation has an interest will expire and not be renewed on terms acceptable to the Corporation or at all;
- payment of crude oil marketing contracts;
- uncertainties associated with estimating oil and natural gas reserves, resources and future net revenues;
- the uncertainty of estimates and projections relating to production, costs and expenses;
- competition for, among other things, capital, reserves, undeveloped lands and skilled personnel;
- limitations on insurance;
- unanticipated operating events, which could reduce production or cause production to be shut in or delayed;
- 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;
- availability of sufficient financial resources to fund the Corporation's capital expenditures;
- uncertainty of finding reserves, developing and marketing those reserves;
- general economic and business conditions in Canada, the United States, Egypt and globally, including reduced availability of debt and equity financing generally;
- counterparty credit risk;
- general economic and business conditions;
- the inability of management of the Corporation to execute its business plan;
- the inability to add production and reserves through development and exploration activities;
- the failure to complete the NPC Acquisition and the failure to complete the IFC Financing;
- failure to realize the anticipated benefits of acquisitions and incorrect assessments of the value of acquisitions, including the NPC Acquisition;
- unforeseen difficulties in integrating the assets and operations of acquired businesses into the Corporation's operations;
- the effect of the announcement of the NPC Acquisition on Sea Dragon's business relationships, operating results and businesses generally;
- the amount of the costs, fees, expenses and charges related to the NPC Acquisition and the IFC Financing;
- conflicts of interest; and
- the other factors discussed under "*Risk Factors*".

These factors should not be considered exhaustive. Statements relating to "reserves" or "resources" are by their nature forward-looking statements, as they involve the implied assessment, based on certain estimates and assumptions that the reserves or resources described can be profitably produced in the future. **The forward-looking statements contained in this Annual Information Form are expressly qualified by this cautionary statement.** The Corporation is not under any duty to update any of the forward-looking statements after the date of this Annual Information Form or to conform such statements to actual results or to changes in the Corporation's expectations and the Corporation disclaims any intent or obligation to update publicly any forward-looking statements, whether as a result of new information, future events or results or otherwise, other than as required by applicable securities laws.

PRESENTATION OF OIL AND GAS INFORMATION

All oil and gas information contained in this Annual Information Form 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.

EFFECTIVE DATE

The effective date of this Annual Information Form is April 30, 2012. (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. The Corporation 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 2320, 255 -5th Avenue S.W., Calgary, Alberta, T2P 3G6 and its registered office is located at 1900, 520 – 3rd Avenue S.W., Calgary, Alberta T2P 0R3. Sea Dragon’s telephone, facsimile and internet website respectively are: telephone: (403) 457-5035; facsimile: (403) 457-5420; website: www.seadragonenergy.com. The Corporation’s Egyptian operations office is located at Apt. -1, Building -12, Al Nahda Street, El-Maadi, Kornish El Nile, Cairo, Egypt.

The Corporation’s common shares (“**Common Shares**”) have been listed on the TSX Venture Exchange (the “**Exchange**”) under the symbol “SDX” since July 17, 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*”.

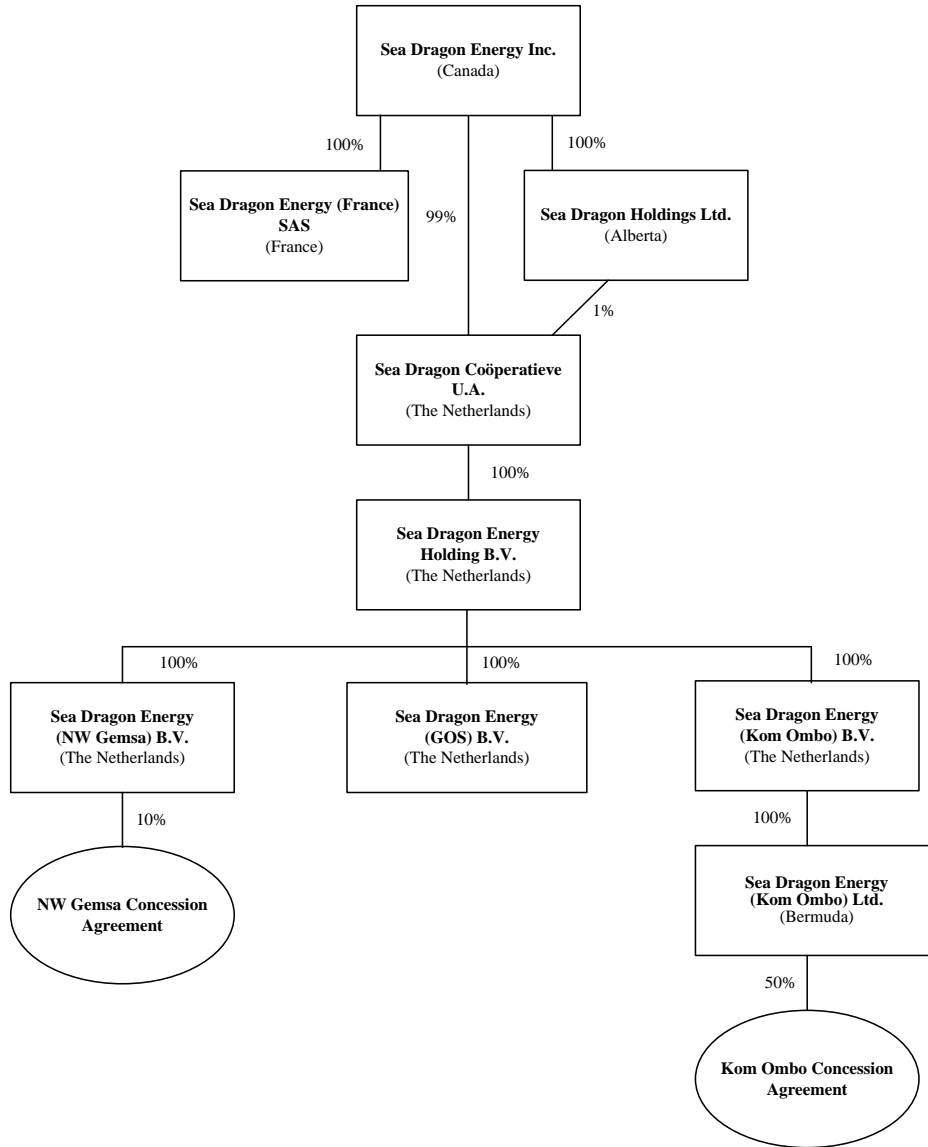
On July 8, 2010 Sea Dragon Energy (France) SAS was incorporated as a subsidiary of the Corporation under the French Business Corporations law (Registre du Commerce et des Societes) for the purpose of providing management services to Sea Dragon Energy Inc.

As part of an internal reorganization completed by the Corporation in 2011, resulting in the establishment of intermediate holding companies for the purpose of circulating proceeds of financings and crude oil sales throughout the Sea Dragon group of companies to support operational needs, the following companies were incorporated:

- (i) Sea Dragon Holdings Ltd. was incorporated on March 8, 2011 under the *Business Corporations Act* (Alberta);
- (ii) Sea Dragon Cooperative U.A. was incorporated on May 30, 2011 under the laws of the Netherlands;
- (iii) Sea Dragon Energy Holding B.V. was incorporated on September 20, 2011 under the laws of the Netherlands; and
- (iv) Sea Dragon Energy (Kom Ombo) B.V. was incorporated on September 20, 2011 under the laws of the Netherlands.

Subsequent to December 31, 2011, on January 10, 2012, Sea Dragon Energy (GOS) B.V. was incorporated under the laws of the Netherlands for the purpose of completing the NPC Acquisition. See “*General Development of the Business – Three Year History – NPC Acquisition*”.

The following diagram outlines the intercorporate relationships between the Corporation and its subsidiaries as at the date hereof:



Unless the context otherwise requires, reference in this Annual Information Form to “Sea Dragon” or the “Corporation” includes the Corporation and its 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

The following is a general description of the development of Sea Dragon over the past three years ended December 31, 2011 and recent developments for the periods subsequent thereto.

2009

Relinquishment of EWA Concession

In July 2009, the Corporation voluntarily relinquished its 75% participating interest in the East Wadi Araba Concession (the “**EWA Concession**”) located in the Gulf of Suez, Egypt 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 total consideration paid for the shares of Premier Egypt, inclusive of adjustments for working capital, interest and cash calls less production revenues from the effective date to the date of closing was US\$14.8 million. On January 12, 2010, following the closing, Premier Egypt changed its name to Sea Dragon Energy (NW Gemsa) B.V.

Private Placement Financing

In November 2009, the Corporation completed a private placement of 60,000,000 units at a price of CDN\$0.25 per unit for total gross proceeds of CDN\$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 CDN\$0.50 per Common Share expiring November 6, 2012. The proceeds of the private placement were combined with the Corporation’s existing working capital and used to fund the acquisition cost of shares of Premier Egypt.

Acquisition of Kom Ombo Concession Interest

The Corporation entered into a farmout agreement (the “**Kom Ombo Farmout Agreement**”) with Dana Gas Egypt Ltd. (“**DGE**”) on December 31, 2009 pursuant to which the Corporation acquired a 50% participating interest in 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 remaining 50% participating interest in the Kom Ombo Concession was and continues to be held by DGE. Under the terms of the concession agreement governing the Kom Ombo Concession (the “**Kom Ombo Concession Agreement**”) the Corporation is responsible for fifty (50%) percent of all costs and expenses associated to operations conducted on the Kom Ombo Concession and is entitled to fifty (50%) percent of all production revenues therefore.

The acquisition of the Kom Ombo Concession closed on April 29, 2010 with an effective date of July 1, 2009. The Corporation paid aggregate consideration of US\$44.5 million through a series of payment instalments.

2010

Special Warrant Private Placement

On January 25, 2010, the Corporation completed an underwritten private placement of 22,730,000 special warrants (“**Special Warrants**”) at a price of CDN\$0.55 per Special Warrant for total gross proceeds of CDN\$12,501,500. Each special warrant was exercisable into one (1) Common Share 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. The terms of the Special Warrants provided that in the event that the Receipt was not issued prior to April 1, 2010, each Special Warrant became exercisable for 1.05 Common Shares, 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 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 the 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. The Corporation has reviewed and applied for a few projects which required additional assets to be contributed to achieve materiality, which Tanmia could not complete. Following the recent political unrest in Egypt it is the Corporation’s view at this time that EGPC will opt for including these oil and gas concessions in new bid rounds as opposed to offering them to TPC and the Corporation under the Alliance Agreement.

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 CDN\$0.40 per share for net proceeds after commissions but before issue costs of approximately CDN\$54 million (the “**April 2010 Financing**”). Approximately US\$34.5 million of the net proceeds of the April 2010 Financing was used by Sea Dragon to pay the balance of the consideration owing to DGE under the terms of the Kom Ombo Farmout Agreement. The remainder of the net proceeds of the April 2010 Financing were used by the Corporation towards development costs on the Kom Ombo Concession and the NW Gemsa Concession and for general working purposes.

Changes to Management and Board of Directors

In October 2009, Paul Moase was appointed to the board of directors of the Corporation. In June 2010, Mr. A.D. (Tony) Anton (P.Eng) was appointed as Chief Operating Officer and President of the Corporation and Mr. Olivier Serra (MBA) was appointed as Chief Financial Officer and Director of the Corporation. In December 2010, Mr. Anton and Mr. Robert Moffat were appointed to the board of directors of the Corporation. In March 2011, Mr. David Wilson resigned as a director. In June 2011, Mr. Ken Fitzgerald was appointed to the board of directors of the Corporation.

Change of Auditor

Effective September 1, 2010, the Corporation changed its auditors from BDO Canada LLP, Chartered Accounts to PricewaterhouseCoopers LLP, Chartered Accountants.

Kom Ombo Concession Operations

During 2010, the Corporation and DGE jointly drilled a total of eight development wells in the A1 Baraka field located in the Kom Ombo Concession. Six of these wells were successfully completed and have been placed on production. Subsequent to December 31, 2010, the Corporation and DGE drilled an exploration well approximately 28 kilometers northwest of the A1 Baraka field. Although no hydrocarbons were encountered by the Memphis-1 exploration well, the Corporation and DGE intend to conduct additional exploration drilling in the region in 2012.

In June 2010, the Corporation completed a 477 km 2D seismic program on the Kom Ombo Concession, including 75 km in the previously unexplored northwest basin. The results from this seismic program were used to further delineate certain leads and prospects identified in that basin area. See “*Principal Properties – Kom Ombo Concession*”.

NW Gemsa Concession Operations

During 2010, the Corporation and its co-venturers successfully drilled two (2) appraisal wells and spud a third well (Al Amir -7) on the Al Amir field located in the NW Gemsa Concession. The Corporation also successfully drilled an exploration well south of the Al Amir SE oil field Al Ola-1, resulting in a field extension. The Al Amir -7 well was spud

on November 27, 2010. This well delineates the western limits of the Al Amir SE field and was completed as a water injection well. See “*Principal Properties – NW Gemsa Concession*”.

2011

Kom Ombo Operations

In 2011 two development wells, AB14 and AB15, were drilled and placed on production, adding two more pay zones. In January, 2011 the Memphis-1 wildcat well, located 40 km north of Al Baraka field was drilled but was found dry. The well was plugged and abandoned, establishing the northern limit of the play trend.

In order to gain a better understanding of this complex field, activities in 2011 focused on conducting geological, geophysical and engineering studies. The studies and analysis have resulted in a significant improvement in the interpretation and mapping of the distribution and understanding the behaviour of the various reservoirs which will be used in further exploration and appraisal activities.

Production from the Kom Ombo Concession averaged 684 bbls/d (342 bbls/d net to Sea Dragon) in 2011. The Kom Ombo Concession generated netbacks greater than \$50 per barrel in 2011.

See “*Principal Properties – Kom Ombo Concession*”.

NW Gemsa Operations

In 2011, activities were directed towards implementing the water injection project in both Al Amir SE and Geyad fields as well as continued development, appraisal and step out drilling. This program was successful with three injector wells and three producer wells being completed. Water injection began in October 2011 and positive pressure response has been observed in several wells within the Rahmi and Shagar reservoirs.

The Geyad-4 St2 well was successfully placed on sustained production at a rate of 345 bbls/d (35 bbls/d net to the Corporation) on December 26, 2011 and is positioned to benefit from water injection at Geyad-5 well, which began on January 18, 2012.

Gross production for the NW Gemsa Concession averaged 7,700 bbls/d (770 bbls/d net to Sea Dragon) in 2011. The netback for the NW Gemsa Concession was \$24.17 per barrel in 2011.

See “*Principal Properties – NW Gemsa Concession*”.

Credit Facility

On September 23, 2011, the Corporation entered into a credit agreement with BNP Paribas and HSBC Bank PLC for a five year senior secured credit facility in an amount up to US\$50 million (the “**Credit Facility**”). The Credit Facility is secured by a first charge on the shares, project accounts and interests of certain of the Sea Dragon companies. The Credit Facility includes customary provisions, borrowing base ratios and other covenants. The borrowing base is subject to routine semi-annual redetermination based on updated forecast reserves, production and receivables. As at December 31, 2011, there were available borrowings available to the Corporation under the Credit Facility of \$20 million and \$3 million was drawn on the Credit Facility. As of the effective date hereof, the Corporation has drawn \$6 million on the Credit Facility.

Developments in Egypt

Egypt’s long-standing president, Hosni Mubarak resigned from office on February 11, 2011 following large demonstrations in Egypt’s major cities. In addition, the Prime Minister of Egypt who was previously appointed by President Mubarak, resigned on March 3, 2011. Following President Mubarak’s resignation, the Supreme Military Council transitional government was established to implement certain political reforms and to maintain government authority during a transition period until democratic elections are held in Egypt. A referendum approving constitutional changes necessary for parliamentary and presidential elections was approved on March 20, 2011. In November 2011, widespread protests and demonstrations aimed at the Egyptian military reignited civil unrest. In late 2011 and early 2012, Egypt

successfully held parliamentary and senate elections. The presidential elections are expected to take place in May and be complete in June 2012.

The demonstrations and other events resulting in the recent political changes in Egypt were largely confined to Egypt's major city centers and had minimal effects on the Corporation's oil and gas operations with the exception of minor delays on the delivery of material and receipt of government permits for drilling and other operations. In addition, the Corporation has experienced payment delays in amounts owing to it from EGPC and Ganope (as defined herein).

Sea Dragon believes Egypt has a long history of creating an environment to attract and retain foreign investment and does not anticipate any adverse changes to the concession agreements governing both NW Gemsa and Kom Ombo. The Corporation will continue to carry out its operations and monitor the situation, and will continue to attempt to expand its asset base in Egypt in a diligent and prudent manner.

Subsequent Events – 2012

NPC Acquisition

On January 6, 2012, the Corporation entered into a share purchase agreement with Golden Crescent Investments Ltd. ("**Golden Crescent**"), whereby Sea Dragon, through an indirect wholly-owned subsidiary, agreed to acquire all of the issued and outstanding shares of National Petroleum Company Egypt Limited ("**NPC Egypt**") for consideration of US\$60 million in cash and the issuance of 350 million Common Shares of the Corporation at a deemed price of US\$0.25 per common share, subject to any adjustments made in accordance with the share purchase agreement.

On March 19, 2012 the Corporation entered into a revised and restated share purchase agreement (the "**Revised Agreement**") with Golden Crescent to acquire all of the issued and outstanding shares of NPC Egypt for consideration of 437.5 million common shares of Sea Dragon at a deemed price of US\$0.20 per common share and US\$60 million of redeemable, convertible, non-voting preferred shares of the Corporation, subject to certain working capital adjustments in accordance with the terms of the Revised Agreement.

The Preferred Shares will bear a preferred cumulative dividend of seven (7%) percent per annum for the first twelve months after issuance, ten (10%) percent per annum for the next nine months and twelve (12%) percent per annum thereafter until converted or redeemed. In certain circumstances, dividends may be capitalized and added to the redemption value of the Preferred Shares. The Preferred Shares may be redeemed by Sea Dragon at any time after issuance in increments of not less than US\$20 million upon 45 days' written notice. Golden Crescent has the right to convert the Preferred Shares, in whole or in part, into Common Shares of the Corporation at a conversion price of CDN\$0.15 per Common Share at any time after the first anniversary of the date of issuance. Golden Crescent shall not be entitled to transfer the Preferred Shares until after the first anniversary of the issuance date.

Pursuant to a non-binding understanding (the "**Non-Binding Understanding**") announced by the Corporation on April 30, 2012 (which understanding is expected to be formalized by way of an amending agreement to the Revised Agreement no later than May 4, 2012) Sea Dragon has until August 8, 2012 to complete the Acquisition (subject to a 10 day extension). Golden Crescent will be entitled until August 1, 2012, to solicit and entertain alternative proposals. In the event that Golden Crescent receives a proposal it wishes to accept, it may terminate the Revised Agreement without any: (a) penalty or payment in favour of Sea Dragon of the previously contemplated termination fee; or (b) right of Sea Dragon to match any alternative proposal. In addition, prior to August 1, 2012, Golden Crescent may, at its option without terminating the Revised Agreement and in consultation with Sea Dragon, seek a farm-in partner for the North El Maghara concession (to a maximum participating interest of 50% of such concession), as well as a buyer for its 12.75% participating interest in the South Ramadan concession. Should any such transaction be completed, the consideration therefore will remain, directly or indirectly, with NPC Egypt and will not be included as part of the working capital adjustment between Sea Dragon and Golden Crescent at closing.

In addition, the Non-Binding Understanding provides for Sea Dragon to continue to oversee ongoing detailed engineering work on the Muzhil Field (located on the South Abu Zenima Concession) prior to closing of the NPC Acquisition and for the escrow amount of US\$2.5 million deposited by Sea Dragon concurrently with the execution of the share purchase agreement dated January 6, 2012 (the "**Escrow Amount**") to be released from time to time to satisfy third party costs that may be incurred by National Petroleum Company South Abu Zeneima Ltd. ("**NPC SAZ**") and/or South Abu Zenima Petroleum Company ("**Petrozenima**") with respect to the development of the Muzhil Field. In the event that the NPC

Acquisition does not proceed and Escrow Amount becomes payable to Golden Crescent under the terms of the Revised Agreement, only the balance of the Escrow Amount (after payment of all third party obligations incurred by NPC SAZ and/or Petrozenima with respect to the development of the Muzhil Field as aforesaid) will be paid to Golden Crescent. In the event the NPC Acquisition is completed the balance of the Escrow Amount will be returned to Sea Dragon. Due to the utilization of the Escrow Amount to pay for ongoing work by NPC SAZ and/or Petrozenima on Muzhil Field, the extension of the closing date of the NPC Acquisition is not expected to have a detrimental effect on the anticipated date of Muzil Field first oil.

The revised terms of the NPC Acquisition are subject to certain conditions precedent including Sea Dragon shareholder approval of the NPC Acquisition and the Share Consolidation (defined below) at the special meeting of shareholders being held on April 30, 2012; receipt of all necessary consents and approvals from Sea Dragon's existing senior secured lenders; completion of certain amendments to Sea Dragon's senior secured reserve-based Credit Facility agreement and related agreements with BNP Paribas and HSBC; regulatory and stock exchange approvals; and completion, in accordance with the terms set out in the Revised Agreement of the proposed International Finance Corporation financing announced by the Corporation on January 31, 2012.

Upon completion of the NPC Acquisition, NPC Egypt will become an indirect wholly-owned subsidiary of the Corporation. Following completion of an internal corporate reorganization of Golden Crescent which is a condition to the closing of the NPC Acquisition (the "**Pre-Closing Reorganization**"), NPC Egypt will beneficially own and control all of the issued and outstanding shares of the following subsidiaries, which subsidiaries own the participating interests in the concessions set out beside their respective names (collectively, the "**NPC Egypt Concessions**"):

SUBSIDIARY	CONCESSION	PARTICIPATING INTEREST
National Petroleum Company South Abu Zeneima Ltd. (" NPC SAZ ")	South Abu Zenima (" SAZ Concession ") Includes the Muzhil field and SAZ-2 prospect	100%
National Petroleum Company Shukheir Marine Ltd.	Shukheir Marine (the " SHM Concession ") Includes the Shukheir Bay and Gamma fields	100%
National Petroleum Company North El Maghara Ltd.	North El Maghara (the " NEM Concession ")	100%
National Petroleum Company East Kheir Ltd.	East Kheir (the " EK Concession ")	100% (subject to ratification by the People's Assembly of Egypt)
National Petroleum Company South Ramadan Limited	South Ramadan (the " SR Concession ").	12.75%

Pursuant to the Revised Agreement, for so long as Golden Crescent holds not less than 10% of the issued and outstanding Common Shares, Golden Crescent is entitled to designate one nominee for election to the Board of Directors of Sea Dragon. The Revised Agreement also provides Golden Crescent with pre-emptive rights, subject to certain exceptions set out in the Revised Agreement, to purchase or subscribe for additional Common Shares of Sea Dragon to maintain its pro rata equity percentage in Sea Dragon and certain prospectus and piggy-back rights, all as further described in the Revised Agreement.

In addition, at the closing of the NPC Acquisition, Sea Dragon has agreed to grant to Golden Crescent a 20.0% after payout net profits interest from production attributable to the Muzhil field (located in the SAZ Concession) and a 17.5% after payout net profits interest from production attributable to the balance of the SAZ Concession. After payout refers to positive cash flow after the Corporation has recovered all capital expenditures invested by it in the Muzhil field, or the SAZ Concession, as applicable.

In the event that the NPC Acquisition is not completed as a result of: (i) the failure of Sea Dragon to obtain shareholder approval of the NPC Acquisition, which will result in Golden Crescent becoming a control person of Sea Dragon; (ii) the failure of Sea Dragon to obtain the approval of the TSX Venture Exchange for the NPC Acquisition; or (iii) the board of directors of the Corporation withdrawing, modifying or changing its recommendation to shareholders to vote in favour of the NPC Acquisition or otherwise making a recommendation that is adverse to the completion of the NPC Acquisition, Sea Dragon shall pay a US\$2,500,000 termination fee to Golden Crescent. A copy of the Revised Agreement is filed under the Corporation's SEDAR profile at www.sedar.com.

The following is a brief description of the various NPC Egypt Concessions that Sea Dragon will acquire pursuant to the NPC Acquisition.

The SAZ Concession

The SAZ Concession is located offshore in the central eastern part of the Gulf of Suez at water depths ranging from 30 to 70 m. The SAZ Concession currently covers a total development area of 39 km². On January 14, 2012, the third and final exploration phase under the SAZ Concession expired. On January 19, 2012, a letter was submitted to EGPC to relinquish, effective January 15, 2012, the exploration area of 21 km², being the remainder of the total area within the SAZ Concession not then converted to a development lease, and to confirm that at that time all financial commitments had been met by it under the agreement in respect of SAZ Concession.

The SAZ Concession is surrounded by several producing oil fields, with production from the sandstone reservoirs of Cretaceous and Miocene rock, pre-Cretaceous sands and from Eocene fractured carbonates.

MUZHIL FIELD

There is a development lease in connection with the Muzhil field. The total area of the lease is currently approximately 39 km². While the development lease for the Muzhil field was initially approved by EGPC with the condition that first oil be delivered within four years of the date of commercial oil discovery (being June 1, 2011), EGPC further approved an extension of the first oil deadline by one year to June 2012. The project has not yet commenced operations. Accordingly, the first oil deadline is not expected to be met and further development blocks may be required to be relinquished. On November 23, 2011, a formal application for a revised field development plan which contemplates an extension of the first oil deadline to July 2013 was submitted to the Egyptian Ministry of Petroleum. There is no assurance that a further extension will be granted.

The SHM Concession

SHUKHEIR BAY FIELD

The Shukheir Bay Field, which covers a shallow offshore water area of five km², was originally discovered in 1980 through the drilling of a deviated well, which indicated oil in the Miocene Lower Rudeis sandstones. Subsequently, five additional deviated wells were drilled. The Shukheir Bay field is currently producing oil through two wells, which oil is transferred to General Petroleum Company's Shukheir gathering station at the western onshore Shukheir area via three 2.2 km/4 inch pipelines for treatment (initial degassing and dewatering). The treated oil is then pumped to GPC's facilities in the Um El Yusr station for further treatment before export.

GAMMA FIELD

The Gamma Field, which covers an area of 23.7 km² of shallow offshore water in depths from 0 to 70 m, is located approximately 10 km to the northwest of the Gebel El-Zeit mountain range. The Gamma Field was originally discovered in 1987 through the drilling of an exploration well, which tested oil from the Miocene Kareem formation and Cretaceous Nubia sandstones. Subsequently, eight additional wells were drilled in the Gamma Field. The last well drilled in 2009 (East Wadi Dara-1 ST) ceased production within the period of a month and is currently shut-in.

Oil produced from the Gamma Field is transferred to the western onshore Wadi Dara processing facilities for complete treatment through an 8 inch subsea pipeline. It is then shipped to the GPC Shukheir gathering station via a 22 km/6 inch pipeline. A 17.9 km multi-size pipeline (6 inch/8 inch/10 inch) then transfers the treated oil to the GPC facilities in the Um El Yusr station (note that treated crude oil from the Wadi Dara processing facility bypasses the GPC Shukheir and Um El

Yusr stations and only uses their pipeline network), which is then delivered to the Ras Gharib terminal, via a 19 km/12 inch pipeline.

The NEM Concession

The NEM Concession, which currently covers an area of 2,334 km², is located in the North Sinai onshore area, bounded by Gebel El Magharah from the south and the Mediterranean shore line from the north, as depicted in the map above. Infrastructure existing in the northern part of the NEM Concession includes the 36 inch Inter-Sinai National Gas Pipeline and the national asphalt coastal road to El Arish.

The SR Concession

The SR Concession comprises an offshore field having an area of 26 km². It is located in the southern part of Gulf of Suez, in an area bounded by the Morgan oil field to the southeast, the Ramadan field to the northwest and the onshore Ras Gharib field to the west.

The EK Concession

The EK Concession, which is located offshore along the western side of the southern part of Gulf of Suez, covers an area of 53 km² in water depths ranging from 0 to 72 m. The EK Concession and related concession agreement has not yet received ratification by the People's Assembly of Egypt.

Filing of Preliminary Prospectus

On January 6, 2012 the Corporation filed a preliminary short form prospectus in connection with a public offering (“**Offering**”) of Subscription Receipts for gross proceeds of CDN\$75 million, with the issue price of the Subscription Receipts will be determined in the context of the market at the time of filing a final short form prospectus in respect of the Offering. The Offering was co-led by FirstEnergy Capital Corp. and GMP Securities L.P. and included Dundee Securities Ltd., Maison Placements Canada Inc., Raymond James Ltd., Salman Partners Inc. and Stifel Nicolaus Canada Inc. on a “commercially reasonable efforts” basis. The net proceeds of the Offering were intended to be used to fund the balance of the cash consideration originally payable in respect of the NPC Acquisition. Sea Dragon announced on February 24, 2012 that it would withdraw the preliminary prospectus in respect of the Offering and the Offering was not completed.

IFC Financing

The Corporation announced on January 31, 2012 that the International Finance Corporation (“**IFC**”) was considering a proposed investment of up to US\$40 million (the “**IFC Financing**”). The proposed IFC Financing consists of a US\$20 million investment in Sea Dragon Common Shares by way of a private placement and a US\$20 million loan. The proceeds of the IFC Financing will be used to finance capital expenditures for Sea Dragon's existing assets, the NPC Acquisition and future capital expenditures for the acquired assets. Full investment disclosure regarding this project is available on the IFC website: www.ifc.org.

The IFC Financing is subject to Sea Dragon securing additional funding to finance future capital expenditures, receipt of IFC Board approval (following the completion of a required 60 day public disclosure period), receipt of applicable Canadian securities and regulatory and stock exchange approvals and the finalization of relevant subscription and loan documentation. It is a condition to the closing of the NPC Acquisition that Sea Dragon shall have completed the IFC Financing.

Share Consolidation

Due to the large number of Common Shares that will be issued and outstanding assuming completion of the NPC Acquisition and the IFC Financing, Sea Dragon proposes, subject to obtaining all required regulatory and shareholder approvals, to amend the Corporation's articles to effect a consolidation of the issued and outstanding Common Shares on the basis of one (1) post-consolidation Common Share for every ten (10) issued and outstanding pre-consolidation Common Shares (the “**Share Consolidation**”). Accordingly, at the special meeting of the shareholders of the Corporation to be held on April 30, 2012, shareholders will be asked to consider and, if thought appropriate, to authorize and approve a

special resolution approving the Share Consolidation. In the event the NPC Acquisition is not completed, the Corporation will not proceed with the Share Consolidation.

Developments in Egypt

In late 2011 and early 2012, Egypt successfully held parliamentary and senate elections. The presidential elections are expected to take place in May and be complete in June 2012. As a result of events in 2011 and 2012, the financial situation in Egypt has deteriorated, as reflected by ratings downgrades and some delays in payment.

Kom Ombo Operations (2012)

On March 30, 2012 the West Al Baraka 2 exploration well was spud and drilled to 4070 feet. Oil Shows were encountered in Six Hills and Abu Ballas which are the main producing reservoirs in Al Baraka field. Casing was run and testing operations are ongoing.

On April 5, 2012 the Corporation announced the Kom Ombo capital expenditure program including but not limited to, the drilling of two exploration wells, three development and appraisal wells, several workovers and a fracturing program. Total expenditures for 2012 are estimated at up to US\$14.4 million with the Corporations' 50% share being up to \$7.2 million (exclusive of operating expenditures). Current production from the Kom Ombo Concession is 520 bbls/d (260 bbls/d net to Sea Dragon). See "*Principal Properties – Kom Ombo Concession*".

NW Gemsa Operations (2012)

On February 5, 2012 the Al Amir SE-11 ST-1 development well was spud to appraise the northwest extent of the field. The well, was successfully drilled to a total depth 11,160 feet in the Upper Rudeis Formation. Petrophysical analysis indicates the well encountered 42 feet of oil pay in the Shagar reservoir and 22 feet in the Rahmi reservoir. The well is being completed as a producer in the Shagar Reservoir.

The Al Ola development lease was approved by the government on February 19, 2012 allowing the discovered southern field extension to come on stream and the two Al Ola wells to resume production at a combined rate of 1,200 bbls/d (120 bbls/d net to the Corporation).

On April 5, 2012 the Corporation announced the NW Gemsa capital expenditure program includes but is not limited to, the drilling of four development wells, three additional water injector wells, two workovers, and expanding the production facilities. Total expenditures for 2012 are estimated at up to US\$50 million with the Corporations' 10% share being up to \$5 million (exclusive of operating expenditures).

The water injection scheme is operational with three injectors on line at Al Amir SE and 1 at Geyad. This will result in significant increase in recoverable reserves and production level from the field. Total water injection at NW Gemsa is currently 21,000 barrels of water per day. Cumulative injection to date has exceeded 2.6 million barrels of water.

A gas conservation project is being planned. This gas tie-in project will permit the currently flared gas volumes to be recovered and associated condensate and liquefied petroleum gas volumes to be captured and marketed. A central processing facility which will consist of an 8" gas pipeline for transporting associated gas to a nearby processing plant is being installed. The tie-in project is expected to be operational in 2013.

Cumulative oil production for the NW Gemsa Concession has now reached 7.6 million bbls of light oil. Current production from the NW Gemsa Concession average 8,250 bbls/d (825 bbls/d net to the Corporation). See "*Principal Properties – NW Gemsa Concession*".

Significant Acquisitions

The Corporation did not complete any significant acquisitions during the fiscal year ended December 31, 2011.

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. 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 business strategy to focus on acquiring interests in discovered non-producing properties that are close to production. Currently, the Corporation's areas of primary focus are in Africa with an emphasis on Egypt and Sub-Saharan Africa. Management has extensive experience in doing business in Egypt and a strong local operational setup. The Corporation also intends to expand its focus to other regions where management considers petroleum assets are undervalued and where the Corporation can acquire producing or near-producing assets at favourable prices or on favourable terms. Management believes its strategy of acquiring under-valued under-developed assets will enhance the future value of the Corporation as the economy strengthens and demand for petroleum increases.

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 over the timing and costs of its projects. Accordingly, the Corporation will seek operatorship of properties in which it has an interest. 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 have 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) capital required to secure and develop the investment opportunity;
- (b) economics of the project;
- (c) likelihood of success; and
- (d) target 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.

Some investment projects may require additional sources of financing and the Corporation would consider all options on a project by project basis such as partnership or joint venture financing, farm-in, 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 East Zeit index blend price less a \$0.25 marketing fee per barrel, which translated into a 2011 average monthly Brent North Sea price less approximately \$5.60 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 East Gharib index blend price, which translated into a 2011 average monthly Brent North Sea price less approximately \$3.80 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. See "*Risk Factors – Volatility of Commodity Prices*".

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 are currently dependent upon EGPC to purchase 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 purchase their crude oil production.

Environmental and Insurance 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.

In addition to the requirements of environmental regulations, the joint operating agreements governing the NW Gemsa and Kom Ombo Concessions impose a requirement on the operator to maintain an insurance program consistent with industry practice to protect against losses due to accidental destruction of assets, well blowouts, pollution and other operating accidents or disruptions. In addition, the Concession Operators are also required to have operational and emergency response procedures and safety and environmental programs in place to reduce potential loss exposure. 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, 2011, the Corporation had nineteen (19) employees and utilized the services of two (2) consultants. As of the Effective Date of this Annual Information Form, the Corporation has eighteen (18) employees and two (2) consultants. 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 prospects and other exploration opportunities in these blocks and pursue potential acquisition opportunities to become a significant independent international producer.

Foreign Operations

All of the Corporation's properties and operations are located in Egypt. The Corporation's investments in Egypt are subject to the risks associated with any 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 framework to encourage foreign direct investment. The functional currency in the primary operating area is US dollars. See "*Risk Factors – Foreign Operations*" and "*Risk Factors – Political and Economic Risks*".

Sea Dragon is paid in US dollars for its oil production. As operations are primarily carried out in US dollars, effective July 1, 2010, the Corporation commenced reporting its financial results in US dollars, thereby reducing the amount of foreign exchange exposure of the Corporation.

Tax Horizon

Sea Dragon was not required to pay any income tax for the year ended December 31, 2011. 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 non-capital losses available, the Corporation does not expect to pay any income tax in the near future.

The Corporation's operations in Egypt are currently under the jurisdiction of the NW Gemsa Concession Agreement and the Kom Ombo Concession Agreement. Pursuant to the terms of the NW Gemsa and Kom Ombo Concession Agreements, the corporate tax liability of the joint venture partners is paid by EGPC for NW Gemsa and Ganope for Kom Ombo, out of the profit oil attributable to EGPC and Ganope, and not directly payable by the Corporation. For accounting purposes the corporate taxes paid by EGPC and Ganope are treated as a benefit earned by the Corporation. The amount is included in net oil revenues and deducted as an income tax expense.

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
Location:	Onshore	Onshore
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 ⁽¹⁾
Area (acres):	2,828,368	61,776 ⁽¹⁾
Expiry Date of Current Exploration Phase:	December 2012	July 2010 ⁽¹⁾
Development Lease Terms:	20 year + 3 x 5 year extensions	20 year + 3 x 5 year extensions

Note:

- (1) The Corporation successfully drilled an exploration well south of the Al Amir SE oil field resulting in a field development lease extension being granted on February 19, 2012 for the Al Ola development lease which covers an area of 92 square kilometres. The remainder of the exploration area has expired.

NW Gemsa Concession

Description

The NW Gemsa Concession is a 92 square kilometre onshore concession located approximately 300 kilometres south east of Cairo in the Eastern Desert on the southwestern part of the Gulf of Suez. To date, the Al Amir, Al Amir SE / Al Ola and Geyad oil discoveries have been made within the NW Gemsa Concession. The Ryder Scott Report (as defined herein) evaluates reserves for the Al Amir SE / Al Ola and Geyad fields only. As at December 31, 2011, the Corporation held and currently holds a ten (10%) percent participating interest in the NW Gemsa Concession. The Corporation's co-venturers in the NW Gemsa Concession are Vegas Oil and Gas Ltd. (the current operator) who holds a 50% participating interest and Circle Oil Plc who holds a 40% participating interest.

The Al Amir SE/Al Ola field is located in the southeastern portion of the NW Gemsa Concession and lies approximately six kilometres west of the oil producing Gazwarina field. As of April 30 2012, the Al Amir SE / Al Ola field contains 7 oil producer wells, one shut-in oil well and three water injection wells. Production from the Al Amir SE field commenced in February 2009. The Geyad field is located approximately ten kilometres northwest of the Al Amir SE field. As of April 30 2012, the Geyad field contains 3 oil producer wells, one shut-in oil well and one water injection well. Production from the Geyad field commenced in August 2009.

Operational Highlights

In October 2008, a discovery was announced on the Al Amir-SE1 well with 41° API oil tested at 3,388 bbls/d and 4.25 mmscf/d 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 40° API oil. The first zone tested 2,809 bbls/d with 3.04 mmscf/d of gas and second, upper zone tested 1,174 bbls/d with 1.324 mmscf/d of gas. In March 2010, a further discovery was announced on the Al Amir 5-X well with 42 ° API oil tested at 6,150 bbls/d and 6.9 mmscf/d of gas.

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 bbls/d of oil and 6.9 mmscf/d of gas using a 64/64 inch choke and 4,300 bbls/d of oil and 4.9 mmscf/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 bbls/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.

The Corporation announced on July 7, 2010 that the Al Amir SE -6 well was successfully logged and cased to a depth of 13,895 feet. The well produced gas at rates of 1.1 mmscf/d to 1.6 mmscf/d along with condensate at rates reaching a maximum of 150 bbls/d from the Lower Rudeis zone. The well was shut-in for a pressure build up and then plugged back to a depth of 10,520 feet. On July 21, 2010, the Corporation announced that the Al Amir SE -6 well had been completed in the Kareem Shagar formation. A flow test followed and peak production of 4,630 bbls/d and 3.9 mmscf/d were recorded on a 48/64" choke. The well was shut in for pressure build up and later placed on stream at approximately 1,100 bbls/d (110 bbls/d net to the Corporation).

The Al Ola X-1 well was spudded on July 15, 2010. The well was drilled as an exploratory well outside of the southern boundary of the Al Amir SE development lease to identify the southern extension to the Al Amir SE oil field. The well reached its final depth of 14,323 feet on September 20, 2010. On December 20, 2010 the Corporation announced that the well had been placed on production at a rate of 1,400 bbls/d (140 bbls/d net to the Corporation). This resulted in extending the Al Amir SE development lease to the south of the existing boundary.

The Al Amir -7 well was spud on November 27, 2010. This well is expected to delineate the western limits of the Al Amir SE field and is anticipated to be completed as a water injection well in preparation for commencing water injection in that field. As of the Effective Date, pay zones have been penetrated and cased but not yet completed.

In 2011 activities were directed towards implementing the water injection scheme in both Al Amir SE and Geyad fields and continued development, appraisal and step out drilling. The program was very successful with four injectors and three producers completed.

On October 24, 2011 the Corporation announced that the Al Ola-2 well was successfully drilled to its total depth of 10,552 feet. The well which is located approximately one km west of Al Ola X-1 well was targeting the water leg of the Kareem Formation. Petrophysical analyses indicated the Shagar member of the Kareem Formation to be oil bearing and the decision was then made to complete the well as an oil producer rather than a water injector. On production test Al Ola -2 well achieved initial test rates of 2825 bbls/d. The Al Ola development lease has been approved and both the Al Ola-1 and Al Ola-2 wells were placed on production in February 2012, contributing approximately 1200 bbls/d (120 bbls/d net to the Corporation).

The Al Amir SE -10 well was spud on December 20, 2011 and drilled to a total depth of 10,450 feet. The well was completed as a water injector in the Rahmi zone.

In the Geyad Development Lease, the Geyad-3C appraisal well was spud on April 22, 2011 and drilled to a total depth of 5,635 feet and completed as an oil producer in the Shagar member of the Kareem Formation. This well is the third producing well in the field and confirmed the southeasterly extension to the Geyad Field. On test the well flowed oil to surface at a rate of 2430 bbls/d and gas at 2.5 mmscf/d and was placed on production at 1000 bbls/d.

The Geyad-4 well was spud on October 26, 2011 and successfully drilled to a total depth of 6830 feet. This well appraised the oil potential up-dip from the Geyad-2 St. The well was completed in the Rahmi reservoir and placed on sustained production in late fourth quarter 2011, at a rate of 345 bbls/d. The well is positioned to benefit from water injection in the Geyad-5 well.

Water injection operations in both the Al Amir SE and Geyad fields are underway. Water injection is designed to increase reservoir pressures, regain initial well productivities and sweep otherwise unrecoverable oil volumes towards the producers. In Al Amir SE injection commenced in Al Amir SE -7 and -8 injector wells on October 1, 2011 and Al Amir SE-10 on March 5, 2012. Initial response to water-flooding operations has now been observed in four Shagar and three Rahmi wells. Water injection in the Geyad-5 well started in January 2011. Cumulative water injection to date has exceeded 480,000 barrels at Geyad.

Kom Ombo Concession

Description

The Kom Ombo Concession is located in Upper Egypt approximately 1,000 kilometres south of Cairo, Egypt and covers an area of approximately 11,446 square kilometres. 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.

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.

Operational Highlights and Future Development Plans

On May 10, 2010, the Corporation announced that it had spudded the Al Baraka -6 well in the Al Baraka field, the first of the ten appraisal wells scheduled to be drilled in 2010. The Al Baraka -6 well was drilled to a total depth of 5,035 feet in June 2010 and an extensive coring and logging program was conducted. A total of nine cores (aggregating 600 feet) were cut for analysis for geological and engineering data to help design an expected fracturing program of existing producing and future wells in the Al Baraka field. The Corporation announced on November 22, 2010 that recompletion activities had been completed and the Al Baraka -6 well was returned to production.

Sea Dragon commenced drilling the Al Baraka -5 well at the end of June 2010. The well reached total depth of 5,200 feet on July 7, 2010. Two cores were cut (97 feet) and the well was logged and cased. Initial swab results indicated production rates up to 300 bbls/d however sustained production commenced on July 20, 2010 at an average rate of 160 bbls/d (80 bbls/d net to the Corporation).

On June 23, 2010, the Corporation completed a 477 km 2D seismic program on the Kom Ombo Concession, including 75 km on the previously unexplored north-west basin. The results from this seismic program are expected to be used to further delineate certain leads and prospects identified in that basin area.

The Al Baraka -7 well was spud on July 21, 2010 with a target depth of 5,200 feet. and was drilled, logged, cased and completed and placed into production on August 10, 2010 at a rate of 50 bbls/d (25 bbls/d net to the Corporation). The well was successfully fracture stimulated in January 2011 with resulting initial rates of 160 bbls/d (80 bbls/d net to the Corporation).

The Al Baraka SE step out well was spud on September 15, 2010, which is located some 4 kilometers southwest of the Al Baraka -9 well and was intended to delineate the edge of the Al Baraka field. The Corporation announced on November 22, 2010 that this well had reached its final depth of 8,750 feet and would be put on production shortly. The Al Baraka SE step out well was completed in the deeper Kom Ombo A Sand and entered into production November 20, 2010 at an initial rate of 110 bbls/d (55 bbls/d net to the Corporation).

The Corporation commenced drilling the Al Baraka -12 well on November 4, 2010 and drilled to a total depth 4,910 feet. Open hole logs were run and analyzed. The Corporation announced on December 20, 2010 that the well had been completed and placed on production at a rate of 160 bbls/d (80 bbls/d net to the Corporation).

The Al Baraka -11 well was spud on November 22, 2010 and drilled to a total depth of 5,299 feet. Open hole logs were run and analyzed. The Corporation announced on January 10, 2011 that the well has been completed and placed on production. The well initially produced at 75 bbls/d (37 bbls/d net to the Corporation).

The Al Baraka -13 well was spud on December 12, 2010 and drilled to a total depth of 4,800 feet. This well was found to be in pressure communication with the Al Baraka -1 well and since reserves were being adequately recovered from the Al Baraka -1 well, Al Baraka well -13 was plugged and abandoned.

In 2011 two development wells, Al Baraka 14 and Al Baraka 15 were drilled and placed on production, adding two more pay zones. Field production averaged 685 bbls/d (342 bbls/d net to the Corporation), while cumulative production has exceeded 590,000 bbls.

The Memphis-1 exploratory well was spud on December 27, 2010 and drilled to a total depth of 5,200 feet. The Memphis-1 exploratory well was the first of three exploratory wells the Corporation intends to drill outside the Al Baraka development lease. The well site is located approximately 28 kilometres northwest of the Al Baraka field. No commercial hydrocarbons were discovered and the Memphis-1 well was plugged and abandoned.

The Corporation intends to complete additional exploratory drilling closer to the general area of the Al Baraka field. Reprocessing of the 3D seismic has significantly improved the quality of the data enabling Sea Dragon to high-grade the prospect inventory, identified two additional opportunities, and select the drilling locations. Of significance is the confirmation of the presence of a rich source rock in the deeper Kom Ombo Formation and the regional presence of the basal Kom Ombo sands. The Basal Kom Ombo consist of two reservoir intervals, the Kom Ombo A that overlies directly the basement sealed, charged and separated from the Kom Ombo C sands by the oil source beds.

For 2012 the drilling program includes the drilling of three development and appraisal wells (AB-16, 17, 18), two wells to appraise the potential of the deeper Kom Ombo sands, and two exploratory wells, to test and extend the shallow and deep prospective play trends outside the development lease. The first well to be drilled is the West Al Baraka-2 (WAB-2) exploratory well, located nine kilometres southwest of Al Baraka field. West Al Baraka is a large low risk prospect with primary target in the shallow Abu Ballas, which was found to be oil stained in previously drilled wells. The second exploratory well will most likely be drilled to evaluate the Faris prospect, located five kilometres southwest of Al Baraka field. The well will test the Kom Ombo A and C sands pinch out play concept against the basement, involved in a fault block dipping into the oil kitchen.

INDUSTRY AND MARKET OVERVIEW

Overview of the Development of Oil and Gas in Egypt

The petroleum industry plays a key role in the Egyptian petroleum economy. 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 producer, 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.

Since the discovery of the Gemsa field, the Gulf of Suez has become recognized as among the most prolific oil regions in the world. 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 over 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 exploration uncertainty is higher.

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.

Egypt has a long history of creating an environment to attract and retain foreign investment and Sea Dragon does not anticipate any adverse changes to the Concession Agreements governing both NW Gemsa and Kom Ombo and will continue to attempt to expand its asset base in Egypt, including through the completion of the NPC Acquisition.

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 the Egyptian Government. 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, 2011 and a preparation date of March 7, 2012 in respect of the NW Gemsa Concession and a preparation date March 14, 2012 in respect of the Kom Ombo Concession.

The reports 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 appendixes "A", "B" and "C" respectively, to this Annual Information Form.

Disclosures of Reserves Data

Ryder Scott Report – NW Gemsa Concession

Ryder Scott Company ("**Ryder Scott**"), an independent petroleum engineering consulting firm located in Calgary, Alberta, has prepared a reserve report March 7, 2012 with an effective date of December 31, 2011 (the "**Ryder Scott Report**") which evaluates the proved, probable and possible crude oil 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 the Ryder Scott 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

economic data required to conduct the evaluation and upon which the Ryder Scott Report is based, were obtained from Ryder Scott's non-confidential files.

GCA Report – Kom Ombo Concession

Gaffney, Cline & Associates (“GCA”), an independent petroleum engineering consulting firm located in Hampshire, United Kingdom, has prepared a reserve report dated March 14, 2012 with an effective date of December 31, 2011 (the “GCA Report”) which evaluates the proved, probable and possible crude oil reserves attributable to Sea Dragon's participating interest in the Kom Ombo 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 Kom Ombo Report was prepared and is presented in accordance with the requirements of NI 51-101.

In preparing the GCA Report, GCA obtained basic information from Sea Dragon and Dana Gas (Operator), 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 economic data required to conduct the evaluation and upon which the GCA Report is based, were obtained from non-confidential files.

Evaluation Information Contained in the Reserve Reports

The following tables, based on the Ryder Scott Report and the GCA Report (collectively, the “Reserve Reports”) have been compiled by the Corporation and show the estimated share of Sea Dragon's crude oil, natural gas and NGL reserves in its NW Gemsa Concession and Kom Ombo Concession properties 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 Reserve Reports 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. There are numerous uncertainties inherent in estimating quantities of reserves and the future cash flows attributed to such reserves. The recovery and reserve estimates of Sea Dragon's reserves provided in the Reserve Reports 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. See “Risk Factors”.**

In general, estimates of economically recoverable crude oil reserves and the future net cash flows therefrom 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 crude oil, royalty rates, the assumed effects of regulation by governmental agencies and future operating costs, all of which may vary materially from actual results. For those reasons, among others, estimates of the economically recoverable crude oil 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 may vary and such variations may be material. The actual production, revenues, taxes and development and operating expenditures with respect to the reserves may vary from the information presented herein and such variations could be material. In addition, there is no assurance that the forecast price and cost assumptions contained in the Ryder Scott Report or the GCA Report will be attained and variances could be material. See “Special Note Regarding Forward Looking Statements” and “Risk Factors”.

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.

The estimates of reserves and future net revenue for individual properties may not reflect the same confidence level as estimates of reserves and future net revenue for all properties, due to the effects of aggregation. In certain of the tables set forth below, the columns may not add due to rounding. All dollar amounts expressed in the tables below are in US\$.

Disclosure provided herein in respect of BOEs may be misleading, particularly if used in isolation. A BOE conversion ratio of 6 Mcf:1 Bbl is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead.

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 tables entitled “Summary of Pricing Assumptions as at December 31, 2011”. All of Sea Dragon’s oil and gas properties are located in Egypt.

**SUMMARY OF OIL AND GAS RESERVES
AS OF DECEMBER 31, 2011⁽¹⁾**

FORECAST PRICES AND COSTS

Category	Light & Medium Crude Oil ⁽²⁾		NGLs		Natural Gas	
	Gross ⁽³⁾	Net ⁽⁴⁾	Gross ⁽³⁾	Net ⁽⁴⁾	Gross ⁽³⁾	Net ⁽⁴⁾
	(mbbls)	(mbbls)	(mbbls)	(mbbls)	(mmcf)	(mmcf)
Proved Developed Producing						
NW Gemsa	1,036	370	51	18	755	270
Kom Ombo	250	154	-	-	-	-
Proved Developed Non- Producing						
NW Gemsa	-	-	-	-	-	-
Kom Ombo	-	-	-	-	-	-
Proved Undeveloped						
NW Gemsa	2,349	885	130	49	1,909	727
Kom Ombo	-	-	-	-	-	-
Total Proved	3,635	1,408	181	68	2,664	997
Probable						
NW Gemsa	1,443	295	80	17	1,175	251
Kom Ombo	1,270	771	-	-	-	-
Total Probable	2,713	1,066	80	17	1,175	251
Proved plus Probable						
NW Gemsa	4,828	1,550	261	85	3,839	1,248
Kom Ombo	1,520	925	-	-	-	-
Total Proved plus Probable	6,348	2,475	261	85	3,839	1,248
Possible						
NW Gemsa	124	22	7	1	101	20
Kom Ombo	2,090	992	-	-	-	-
Total Proved plus Probable plus Possible	8,562	3,489	267	86	3,940	1,268

Notes:

- (1) The information contained herein has been derived from the Ryder Scott Report in respect of all reserves information attributable to the NW Gemsa Concession property and from the GCA Report in respect of all reserves information attributable to the Kom Ombo Concession property.
- (2) All of Sea Dragon’s proved, probable and possible oil reserves have been classified as light and medium oil. Sea Dragon has no heavy oil.
- (3) Gross Reserves are the Corporation’s participating interest share before the deduction of royalties or their equivalent.
- (4) Net reserves are the Corporation’s participating interest share after the deduction of royalties. Net reserves in Egypt include Sea Dragon’s share of future cost recovery and production sharing oil after the Egyptian Government’s royalty interest 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.

**SUMMARY OF NET PRESENT VALUES OF FUTURE NET REVENUES
AS OF DECEMBER 31, 2011⁽¹⁾**

**FORECAST PRICES AND COSTS
(in US\$ Millions)**

US \$Millions	Before Income Tax ⁽²⁾⁽³⁾⁽⁴⁾⁽⁵⁾					After Income Tax ⁽²⁾⁽³⁾⁽⁴⁾				
	Discounted at					Discounted at				
	0%	5%	10%	15%	20%	0%	5%	10%	15%	20%
Proved Developed Producing										
NW Gemsa	20.7	18.3	16.4	15.0	13.8	20.7	18.3	16.4	15.0	13.8
Kom Ombo	11.2	10.1	9.1	8.4	7.8	11.2	10.1	9.1	8.4	7.8
Proved Developed Non-Producing										
NW Gemsa	-	-	-	-	-	-	-	-	-	-
Kom Ombo	-	-	-	-	-	-	-	-	-	-
Proved Undeveloped										
NW Gemsa	39.1	28.3	21.3	16.5	13.1	39.1	28.3	21.3	16.5	13.1
Kom Ombo	-	-	-	-	-	-	-	-	-	-
Total Proved	71.0	56.6	46.9	39.9	34.7	71.0	56.6	46.9	39.9	34.7
Probable										
NW Gemsa	28.6	17.8	11.8	8.3	6.1	28.6	17.8	11.8	8.3	6.1
Kom Ombo	35.3	22.9	14.7	9.0	5.1	35.3	22.9	14.7	9.0	5.1
Total Probable	63.9	40.7	26.5	17.3	11.2	63.9	40.7	26.5	17.3	11.2
Proved plus Probable										
NW Gemsa	88.4	64.3	49.5	39.7	33.0	88.4	64.3	49.5	39.7	33.0
Kom Ombo	46.5	33.0	23.8	17.5	12.9	46.5	33.0	23.8	17.5	12.9
Total Proved plus Probable	134.9	97.3	73.3	57.2	45.9	134.9	97.3	73.3	57.2	45.9
Possible										
NW Gemsa	2.1	1.4	1.0	0.7	0.5	2.1	1.4	1.0	0.7	0.5
Kom Ombo	72.8	49.5	35.0	25.5	19.0	72.8	49.5	35.0	25.5	19.0
Total Proved plus Probable plus Possible	209.8	148.3	109.3	83.4	65.4	209.8	148.3	109.3	83.4	65.4

Notes:

- (1) The information contained herein has been derived from the Ryder Scott Report in respect of all information attributable to the NW Gemsa Concession property and from the GCA Report in respect of all information attributable to the Kom Ombo Concession property.
- (2) "Before Tax" net present value of future net revenue has been calculated to consist of Sea Dragon's share of gross field revenue less (i) royalties paid to the government and third parties; and (ii) operating and capital expenditures.
- (3) "After Tax" net present value of future net revenue has been calculated to consist of Sea Dragon's share of gross field revenue less (i) royalties paid to the government and third parties; (ii) operating and capital expenditures; and (iii) Egyptian income taxes, petroleum profits taxes or their equivalent.
- (4) Under the terms of the NW Gemsa and Kom Ombo Concession Agreements, income tax is assessed on all production sharing oil; therefore all future net revenues are after Egyptian income tax.
- (5) Columns may not add due to rounding.

**TOTAL FUTURE NET REVENUES
(UNDISCOUNTED)
AS AT DECEMBER 31, 2011**

**FORECAST PRICES AND COSTS
(in US\$ Millions)**

NW Gamsa Concession	Proved	Proved Plus Probable	Proved Plus Probable Plus Possible
Revenue ⁽¹⁾	350.9	503.6	516.7
Royalties	220.2	341.4	352.1
Operating Costs	65.7	68.6	68.8
Abandonment Costs	-	-	-
Development Costs	5.2	5.2	5.2
Future Net Revenue Before Income Tax ⁽¹⁾	59.8	88.4	90.5
Income Tax Expense ⁽¹⁾	-	-	-
Future Net Revenue After Income Tax ⁽¹⁾	59.8	88.4	90.5

Note:

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

Kom Ombo Concession	Proved	Proved Plus Probable	Proved Plus Probable Plus Possible
Revenue ⁽¹⁾	24.8	149.3	365.3
Royalties	9.9	58.5	173.6
Operating Costs	3.8	20.9	33.6
Abandonment Costs	-	-	-
Development Costs	-	23.4	38.8
Future Net Revenue Before Income Tax ⁽¹⁾	11.2	46.5	119.3
Income Tax Expense ⁽¹⁾	-	-	-
Future Net Revenue After Income Tax ⁽¹⁾	11.2	46.5	119.3

Note:

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

Aggregate Sea Dragon Properties	Proved	Proved Plus Probable	Proved Plus Probable Plus Possible
Revenue ⁽¹⁾	375.7	652.9	882.0
Royalties	230.0	399.9	525.8
Operating Costs	69.5	89.5	102.4
Abandonment Costs	-	-	-
Development Costs	5.2	28.6	44.0
Future Net Revenue Before Income Tax ⁽¹⁾	71.0	134.9	209.8
Income Tax Expense ⁽¹⁾	-	-	-
Future Net Revenue After Income Tax ⁽¹⁾	71.0	134.9	209.8

Note:

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

**FUTURE NET REVENUE
BY PRODUCTION GROUP⁽¹⁾
AS AT DECEMBER 31, 2011
FORECAST PRICES AND COSTS
(IN US\$ MILLIONS)**

RESERVE CATEGORY	FUTURE NET REVENUE (BEFORE INCOME TAX) DISCOUNTED AT 10%			Unit Value (US\$/boe) ⁽⁴⁾
	Oil ⁽³⁾	Natural Gas and NGL's	Total	
Proved				
NW Gemsa	37.7	-	37.7	25.35
Kom Ombo	9.2	-	9.2	59.68
Total Proved	46.9	-	46.9	28.57
Probable				
NW Gemsa	11.8	-	11.8	33.25
Kom Ombo	14.7	-	14.7	19.00
Total Probable	26.4	-	26.4	23.49
Proved plus Probable				
NW Gemsa	49.5	-	49.5	26.87
Kom Ombo	23.8	-	23.8	25.77
Total Proved plus Probable	73.3	-	73.3	26.50
Possible				
NW Gemsa	1.0	-	1.0	36.67
Kom Ombo	35.0	-	35.0	35.26
Total Proved plus Probable plus Possible	109.3	-	109.3	28.9

Notes:

- (1) The information contained herein has been derived from the Ryder Scott Report in respect of all information attributable to the NW Gemsa Concession and from the GCA Report in respect of all information attributable to the Kom Ombo Concession.
- (2) Under the terms of the NW Gemsa and Kom Ombo Concession Agreements, income tax is assessed on all production sharing oil; therefore all future net revenues are after Egypt income taxes.
- (3) All of Sea Dragon's proved, probable and possible oil reserves have been classified as light and medium oil. Sea Dragon has no heavy oil.
- (4) The US\$/boe values are based on the Net reserves volumes.

Pricing Assumptions - Forecast Prices and Costs

North West Gemsa Concession

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 prices, exchange rates and inflation rate assumptions as of December 31, 2011 in estimating Sea Dragon's reserves data in relation to the NW Gemsa Concession using forecast prices and costs.

Year	Brent Reference	Inflation Rates ⁽¹⁾ % Year	NW Gemsa	NGL Price (US\$/Bbl)	Gas Price (US\$/Mcf)
	Price (US\$/Bbl)		Al Amir/Geyad Price		
2012	107.00	4.0	101.7	66.59	1.00
2013	103.00	3.0	97.95	64.15	1.00
2014	101.00	2.0	96.08	62.93	1.00
2015	102.62	2.0	97.6	63.92	1.00
2016	98.39	2.0	93.63	61.34	1.00
2017	99.40	2.0	94.58	61.96	1.00
Thereafter	+2.0%/Year	+2.0%/Year	+2.0%/Year	+2.0%/Year	1.00

Notes:

- (1) Inflation rates for forecasting expenditure prices and costs.
- (2) The weighted average historical price in US dollars realized by the Corporation in Egypt, for the year ended December 31, 2011 for crude oil was US\$106.15/bbl.

Kom Ombo Concession

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. GCA has employed the following price, exchange rates and inflation rate assumptions as of December 31, 2011 in estimating Sea Dragon's reserves data in respect of the Kom Ombo Concession using forecast prices and costs.

Year	Brent Reference	Inflation Rates ⁽¹⁾ % Year	Kom Ombo
	Price (US\$/Bbl)		Al Baraka Price
2012	105.61	0.0	100.11
2013	101.36	2.0	95.86
2014	97.23	2.0	91.73
2015	97.41	2.0	91.91
2016	102.42	2.0	95.92
Thereafter	+2.0%/Year	+2.0%/Year	Brent minus \$5.50

Notes:

- (1) Inflation rates for forecasting expenditure prices and costs.
- (2) The weighted average historical price in US dollars realized by the Corporation in Egypt, for the year ended December 31, 2011 for crude oil was US\$106.15/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, 2011 against such reserves as at December 31, 2010 based upon forecast price and costs assumptions.

**RECONCILIATION OF GROSS RESERVES⁽¹⁾⁽²⁾
AS AT DECEMBER 31, 2011
FORECAST PRICES AND COSTS**

	Light and Medium Oil			Natural Gas			Natural Gas Liquids		
	Gross Proved (mdbl)	Gross Probable (mdbl)	Gross Proved Plus Probable (mdbl)	Gross Proved (mmcf)	Gross Probable (mmcf)	Gross Proved Plus Probable (mmcf)	Gross Proved (mdbl)	Gross Probable (mdbl)	Gross Proved Plus Probable (mdbl)
December 31, 2010									
NW Gemsa	3,137	1,457	4,594	2,575	1,253	3,828	211	103	314
Kom Ombo	456	2,189	2,645	-	-	-	-	-	-
Total	3,593	3,646	7,238	2,575	1,253	3,828	211	103	314
Extensions									
NW Gemsa	584	37	621	99	206	305	7	14	21
Kom Ombo	-	-	-	-	-	-	-	-	-
	584	37	621	99	206	305	7	14	21
Improved Recovery									
NW Gemsa	-	-	-	-	-	-	-	-	-
Kom Ombo	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
Technical Revisions									
NW Gemsa	(39)	11	(28)	(7)	61	54	(1)	4	3
Kom Ombo	(81)	(919)	(1,000)	-	-	-	-	-	-
	(120)	(908)	(1,028)	(7)	61	54	(1)	4	3
Infill Drilling									
NW Gemsa	-	-	-	-	-	-	-	-	-
Kom Ombo	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
Acquisitions									
NW Gemsa	-	-	-	-	-	-	-	-	-
Kom Ombo	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
Dispositions									
NW Gemsa	-	-	-	-	-	-	-	-	-
Kom Ombo	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
Economic Factors									
NW Gemsa	(18)	(62)	(80)	(3)	(345)	(348)	(36)	(41)	(77)
Kom Ombo	-	-	-	-	-	-	-	-	-
	(18)	(62)	(80)	(3)	(345)	(348)	(36)	(41)	(77)
Production									
NW Gemsa	(279)	-	(279)	-	-	-	-	-	-
Kom Ombo	(125)	-	(125)	-	-	-	-	-	-
	(404)	-	(404)	-	-	-	-	-	-
December 31, 2011									
NW Gemsa	3,385	1,443	4,828	2,664	1,175	3,839	181	80	261
Kom Ombo	250	1,270	1,520	-	-	-	-	-	-
	3,635	2,713	6,348	2,664	1,175	3,839	181	80	261

Notes:

- (1) Gross Reserves are the Corporation's participating interest share before the deduction of royalties or their equivalent.
(2) Columns may not add due to rounding.

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.

FORECAST PRICES AND COSTS

Year Ended December 31	Oil		Natural Gas		NGLs	
	Proved	Probable	Proved	Probable	Proved	Probable
	(mdbl)	(mdbl)	(mmcf)	(mmcf)	(mdbl)	(mdbl)
	Gross ⁽¹⁾	Gross ⁽¹⁾	Gross ⁽¹⁾	Gross ⁽¹⁾	Gross ⁽¹⁾	Gross ⁽¹⁾
2011	585	38	99	206	7	14
2010	1,764	2,589	1,810	899	123	61
2009	-	-	-	-	-	-

Notes:

(1) Gross Reserves are the Corporation's participating interest share of total reserves before the deduction of royalties or their equivalent.

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.

Proved Undeveloped Reserves

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.

In Kom Ombo, there were no proved undeveloped reserves. In NW Gemsa, the capital program associated with the proved undeveloped reserves includes the drilling of two injector wells, nine producing wells, a gas sales line including process facilities and additional waterflood infrastructure.

Probable Undeveloped Reserves

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

In Kom Ombo, the extraction of the probable reserves includes the drilling of twenty five wells. No probable additional wells were projected at NW Gemsa.

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) and GCA (in respect of Sea Dragon's Kom Ombo Concession). Ryder Scott and GCA are 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 – Reserve Estimates*".

Future Development Costs

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 (for the NW Gemsa Concession) and the GCA Report (for the Kom Ombo Concession).

**FUTURE DEVELOPMENT COSTS
(UNDISCOUNTED)
AS AT DECEMBER 31, 2011
(in US\$ Millions)**

YEAR	Forecast Prices and Costs					
	Proved Reserves			Proved Plus Probable Reserves		
	NW Gemsa Concession	Kom Ombo Concession	Total	NW Gemsa Concession	Kom Ombo Concession	Total
2012	2.69	-	2.69	2.69	5.85	8.54
2013	2.54	-	2.54	2.54	5.97	8.51
2014	-	-	-	-	5.62	5.62
2015	-	-	-	-	2.94	2.94
Remaining	-	-	-	-	3.00	3.00
Total	5.23	-	5.23	5.23	23.38	28.61

The Corporation expects to fund future development costs noted above through the use of working capital, cash flow and debt and equity financing as required.

Other Oil and Gas Information

Oil and Gas Properties and Wells

NW Gemsa Concession

The Corporation has a ten (10%) participating interest in the NW Gemsa Concession. See "*Principal Properties – NW Gemsa Concession*".

Kom Ombo Concession

The Corporation has a fifty (50%) participating interest in 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, 2011. All of the Corporation's wells are located onshore.

Location	Oil				Gas			
	Producing		Non-Producing		Producing		Non-Producing	
	Gross ⁽¹⁾	Net ⁽²⁾	Gross ⁽¹⁾	Net ⁽²⁾	Gross ⁽¹⁾	Net ⁽²⁾	Gross ⁽¹⁾	Net ⁽²⁾
NW Gemsa	9	0.9	4	0.4	-	-	-	-
Kom Ombo	11	5.5	2	1	-	-	-	-
Total	20	6.4	6	1.4	-	-	-	-

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

The following table sets out the Corporation's developed and undeveloped land holdings as at December 31, 2011.

Undeveloped Acres	
Gross	Net
2,804,633	1,402,317

There is a work commitment to drill two exploratory wells with respect to these properties. These wells are being drilled in 2012. The exploration rights for the above acreage expire in January 2013.

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 or GCA. Under the terms of the concession agreements, ownership in the facilities and wells is transferred to EGPC or Ganope through cost recovery. Therefore future abandonment and reclamation costs have been assessed a zero value.

Tax Horizon

In 2011, the Corporation did not pay any income taxes in Canada. Sea Dragon estimates that it will not be required to pay income taxes for the foreseeable future.

Costs Incurred

The following table sets out Sea Dragon property acquisition, exploration and development costs for the fiscal year ended December 31, 2011.

ACQUISITION, EXPLORATION AND DEVELOPMENT COSTS				
(IN US\$ MILLIONS)				
	Property Acquisition Costs		Exploration Costs	Development Costs
	Proved	Unproved		
NW Gemsa	-	-	-	4.9
Kom Ombo	-	-	0.1	3.1
Total	-	-	0.1	8.0

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, 2011. Current exploration and development activities are focused on Kom Ombo and NW Gemsa Concessions in Egypt.

	Year Ended December 31, 2011			
	Exploratory		Development	
	Gross⁽¹⁾	Net⁽²⁾	Gross⁽¹⁾	Net⁽²⁾
Crude Oil	0	0	5	1.3
Natural Gas	0	0	0	0
Service Well ⁽³⁾	0	0	3	0.3
Dry/Abandoned	1	0.5	0	0
Total	1	0.5	8	1.6

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) "Service Wells" include water injectors.

Production Estimates

The following table sets out the estimated production (working interest before royalties) from the reserves of the Corporation in 2012 by product type associated with the future net revenue estimates reported in the Ryder Scott Report (for Sea Dragon's NW Gemsa Concession) and the GCA Report (for Sea Dragon's Kom Ombo Concession).

<u>Area</u>	Light and Medium Oil (bbl/d)	Heavy Oil (bbl/d)	Natural Gas (mcf/d)	Natural Gas Liquids (bbl/d)
NW Gemsa				
Proved	756	-	362	25
Probable	10	-	8	0
	766	-	370	25
Kom Ombo				
Proved	208	-	-	-
Probable	3	-	-	-
	211	-	-	-
Total Proved plus Probable	977	-	370	25

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.

<u>Item</u>	Quarter Ended 2011			
	December 31	September 30	June 30	March 31
Oil Sales (bbl/d)	991	1,066	1,094	1,178
Realized price per barrel	104.54	108.44	111.77	100.12
Royalties per barrel	51.72	56.13	62.46	46.90
Operating costs per barrel	12.07	(1.62)	10.63	9.51
Netback per barrel ⁽¹⁾	40.75	53.93	38.68	43.71

Notes:

- (1) Netback is a non-GAAP measure that represents sales net of all operating expenses and government royalties. Management believes that netback is a useful supplemental to measure operating performance and provide an indication of the results generated by the Corporation's principal business activities prior to the consideration of other income and expenses. Management considers netback an important measure as it demonstrates the Corporation's profitability relative to current commodity prices. Netback may not be comparable to similar measures used by other companies.

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. An investment in the securities of Sea Dragon is highly speculative due to the nature of the activities of Sea Dragon, its present stage of development and certain other factors. The business of Sea Dragon is subject to the risks normally encountered in the oil and natural gas industry such as the marketability of, and prices for, oil and natural gas, competition with companies having greater resources, acquisition, exploration and production risks, need for capital, fluctuations in the market price and demand for oil and natural gas and the regulation of the oil and natural gas industry by various levels of government. The success of further exploration or development projects cannot be assured. Investors must rely upon the ability, expertise, judgment, discretion, integrity and good faith of the management of Sea Dragon. The following are certain risk factors related to Sea Dragon, its businesses, and the ownership of the securities of Sea Dragon which its shareholders should carefully consider as well as the risk factors set forth elsewhere in this Information and in Sea Dragon's Management Discussion & Analysis for the year ended December 31, 2011, which is filed under the Corporation's profile on www.sedar.com. Such risks may not be the only risks facing Sea Dragon. Additional risks not currently known may also impair Sea Dragon's business operations and results of operation.

Foreign Operations

All of the Corporation's operations are located in Egypt. As such, Sea Dragon's operations, financial condition and operating results could be significantly affected by risks over which it has no control. These risks may include risks related to economic, social or political instability or change, terrorism, hyperinflation, currency non-convertibility or instability and changes of laws affecting foreign ownership, interpretation or renegotiation of existing contracts, government participation, taxation policies, including royalty and tax increases and retroactive tax claims, and investment restrictions, working conditions, rates of exchange, exchange control, exploration licensing, petroleum and export licensing and export duties, government control over domestic oil and gas pricing, currency fluctuations, devaluation or other activities that limit or disrupt markets and restrict payments or the movement of funds; the possibility of being subject to exclusive jurisdiction of foreign courts in connection with legal disputes relating to licences to operate and concession rights in countries where Sea Dragon currently operates; and difficulties in enforcing Sea Dragon's rights against a governmental agency because of the doctrine of sovereign immunity and foreign sovereignty over international operations. Problems may also arise due to the quality or failure of locally obtained equipment or technical support, which could result in failure to achieve expected target dates for exploration operations or result in a requirement for greater expenditure. Sea Dragon's operations may also be adversely affected by applicable laws and policies of Egypt, the effect of which could have a negative impact on Sea Dragon.

Political and Economic Risks

All of Sea Dragon's oil and gas operations and related assets are located in Egypt. Sea Dragon's activities in Egypt may be adversely affected in varying degrees by political or economic instability. Prior to 2011, Egypt had a relatively stable government. However current events in Egypt, as discussed below, and across Northern Africa and the Middle East have resulted in increased political instability and a deterioration in Egypt's financial conditions, as reflected by ratings downgrades. The outcome of the recent political instability and economic deterioration in the areas in which Sea Dragon operates cannot be known at this time and the effect of such instability or deterioration may materially adversely affect the Corporation.

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 may 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. In addition, in connection with the NPC Acquisition, ratification of the EK Concession and the issuance of relevant law and/or EGPC acceptance required, if any for the transfer of the certain of the NPC Concessions pursuant to the Pre-Closing Reorganization may be delayed or denied as a result of current political and economic conditions in Egypt. The impact of these factors on Sea Dragon's future results of operations cannot be accurately predicted.

As a result of political unrest, protests, riots, street demonstrations and acts of civil disobedience in the Egyptian capital of Cairo that began on January 25, 2011, Egyptian President Hosni Mubarak stepped down, effective February 11, 2011. The Egyptian Supreme Council of the Armed Forces is now in power. On February 13, 2011, the Council announced that the constitution would be suspended, both houses of parliament would be dissolved, and that the military would rule for six months until elections were held. The first and second stages of Parliamentary Elections were held during November and December 2011 with the final stage held in March 2012. Sea Dragon's production, located in remote locations has continued uninterrupted; however, further changes in the political, economic and social conditions or other relevant policies of the Egyptian Government, such as changes in laws or regulations, export restrictions, expropriation of its assets or resource nationalization, and/or forced renegotiation or modification of Sea Dragon's existing contracts with EGPC could materially and adversely affect its business, financial conditions and results of operations. The petroleum sector in Egypt is governed by EGPC, which reports directly to the Egyptian Ministry of Petroleum. Following President Mubarak's resignation as president of Egypt and the ensuing political unrest in Egypt in early 2011, an interim Minister of Petroleum was appointed on a temporary basis pending the outcome of the Presidential elections. A new Minister of Petroleum may be appointed by the new government which is expected to be formed following the Presidential elections. With the primary focus of the current Minister of Petroleum on stabilizing the Ministry's balance sheet, it is expected that minimal developments will occur within the petroleum resource sector. However, recent events in Egypt have been unpredictable and further changes may adversely affect the assets and operations of the Corporation. The Egyptian Ministry of Petroleum and EGPC may also experience personnel changes. Should such changes to the Egyptian Ministry of Petroleum and/or EGPC occur, the consequences and potential disruptions to the operations of the Corporation cannot be predicted.

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, any existing reserves Sea Dragon may have at any particular time and the production therefrom 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 existing 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 continue to locate satisfactory properties for acquisition or participation on economically favourable terms or at all. 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 from wells that are productive but do not produce sufficient net revenues to return a profit after drilling, operating and other costs and taxes, royalties or their equivalent. 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 in personal injury. In accordance with industry practice, Sea Dragon is not fully insured against all of these risks, nor are all such risks insurable. Although the operators of Sea Dragon's concessions are required to maintain liability insurance in an amount that they consider 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 future results or operations, liquidity and financial condition.

Relinquishment of Exploration Rights

Pursuant to the NW Gemsa and Kom Ombo Concession Agreements, Sea Dragon is required to relinquish certain exploration rights and a certain amount of area at the end of each exploration period, except for areas in which a discovery is made. A relinquishment of exploration rights may affect the Corporation's exploration prospects and its ability to expand production in the relevant concession areas. The Corporation's drilling plans for these areas are subject to change based upon various factors, including drilling results, oil and natural gas prices, the availability and cost of capital, drilling and production costs, availability of drilling services and equipment, gathering system and pipeline transportation constraints and regulatory approvals. For details regarding the area relinquished under the NW Gemsa Concession, see the heading "*Principal Properties – NW Gemsa*".

In the event the NPC Acquisition is completed, with respect to the SAZ Concession, the deadline for first oil to be achieved is June 2012. The project has not yet commenced operations. On December 15, 2011, a formal request was submitted to the Egyptian Ministry of Petroleum for a further one year extension of the first oil deadline to July 2013. However, there is no assurance that such extension will be granted. Accordingly, further development blocks may be required to be relinquished.

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;
- political uncertainty;
- 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.

Capital Markets

As a result of the uncertain global economic situation, the Corporation, along with all other oil and gas industry participants, may have reduced access to capital and increased borrowing costs in the future. Although the business and asset base of the Corporation has not changed, the lending capacity of all financial institutions has diminished and risk premiums may increase in the future. As future capital expenditures will be financed out of funds generated from operations, borrowings and possible future equity sales, the ability of the Corporation to do so is dependent on, among other factors, the overall state of capital markets and investor appetite for investments in the energy industry and the Corporation's securities in particular.

To the extent that external sources of capital become limited or unavailable or available only on onerous terms, the Corporation's ability to make capital investments and maintain existing assets may be impaired, and its assets, liabilities, business, financial condition and results of operations may be materially and adversely affected as a result.

Assuming successful completion of the IFC Financing and amendments to the Credit Facility, funds available under the Corporation's credit facilities, cash on hand and expected funds generated from operations are believed by the Corporation to be sufficient to fund its projected capital expenditures. However, if funds generated from operations are lower than expected, capital costs for these projects exceed current estimates, the Corporation incurs major unanticipated expenses related to development or maintenance of its existing properties or if the Corporation is unable to adequately access its existing credit facilities, it may be required to seek additional capital to maintain its capital expenditures at planned levels. Failure to obtain any financing necessary for the Corporation's capital expenditure plans may result in a delay in development or production on the Corporation's properties or affect its ability to complete acquisitions.

Global Financial Developments

Global financial markets have experienced a sharp increase in volatility in the last several years. This has been, in part, the result of the revaluation of assets on the balance sheets of international financial institutions and related securities. This has contributed to a reduction in liquidity among financial institutions and has reduced the availability of credit to those institutions and to the issuers who borrow from them. While central banks as well as foreign governments are attempting to restore much needed liquidity to the global economy, no assurance can be given that the combined impact of the significant revaluations and constraints on the availability of credit will not continue to materially and adversely affect the economies of various countries around the world. No assurance can be given that this stimulus will continue or that, if it continues, it will be successful or these economies will not be adversely affected by the inflationary pressures resulting from such stimulus or central banks' efforts to slow inflation.

Further, market concerns about the economies of the United States and certain European Union countries and their ability to continue to borrow may adversely impact global capital markets. Some of these economies have experienced significantly diminished growth and some are experiencing or have experienced a recession. These market conditions and further volatility in capital markets may also adversely affect the prospects of the Corporation.

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 functional currency in the primary operating area is US dollars and the Corporation reports its financial results in US dollars.

Operational Dependence

Other companies operate all of the assets in which Sea Dragon currently has a participating interest. As a result, Sea Dragon is dependant on such operators for the timing of activities related to such properties and will be largely unable to control the operations 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.

Estimated and Actual Timing of Critical Events

Sea Dragon is involved in development projects whose completion may be delayed beyond their anticipated completion dates. The projects of the Corporation may be delayed by project approvals from joint venture partners, timely issuances of permits and licenses by governmental agencies, weather conditions, manufacturing and delivery schedules of critical equipment, and other unforeseen events. Delays and differences between estimated and actual timing of critical events may adversely affect the Corporation's development projects and their ability to participate in development projects in the future.

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.

Future Financing

Sea Dragon will require future financing to fund its future exploration, development and operations. There can be no assurance that additional financing will be available to the Corporation when needed or on terms acceptable to it. Sea Dragon's inability to raise funding to support ongoing operations and to fund capital expenditures or acquisitions may limit Sea Dragon's growth or may have a material adverse affect upon Sea Dragon.

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 United 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. It is not expected that any of these controls or regulations will affect the operations of the Corporation in a manner materially different from how they would affect other oil and natural gas companies of a similar size with operations in Egypt.

Volatility of Commodity Prices

Oil and natural gas prices fluctuate significantly in response to regional, national and global supply and demand factors beyond the control of the Corporation. Political and economic developments around the world can affect world oil and natural gas supply and prices. Any prolonged period of low oil and natural gas prices could result in a decision by Sea Dragon to suspend or terminate exploration, as it may become uneconomic to explore for and/or produce oil or natural gas at such prices.

As the Corporation has producing resource properties and sells 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 for 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.

Environmental legislation is evolving in a manner expected to result in stricter standards and enforcement, larger fines and liability and potentially increased capital expenditures and operating costs. The discharge of oil, natural gas or other pollutants into the air, soil or water may give rise to liabilities to governments and third parties and may require Sea Dragon to incur costs to remedy such discharge. Sea Dragon is in material compliance with current environmental laws. No assurance can be given that the application of environmental laws to the business and operations of Sea Dragon will not result in a curtailment of production or a material increase in the costs of production, development or exploration activities or otherwise adversely affect Sea Dragon's financial condition, results of operations or prospects.

Environmental Requirements

Egyptian environmental legislation provides for restrictions and prohibitions on releases or emissions and regulation of 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. 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.

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 gathering systems, pipelines and processing and storage facilities and related to 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 or production volumes, 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, potential 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. All of Sea Dragon's share of production from the Kom Ombo Concession is sold to Ganoub El Wadi Petroleum Holding Company ("Ganope"). The Corporation would be materially affected should Ganope 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 Ganope delays in paying the amounts it owes to the Corporation beyond normal commercial periods.

Variations in Foreign Exchange Rates and Interest Rates

The reporting and functional currency of the Corporation is United States dollars. Substantially all of the Corporation's operations are in Egypt while substantially all of its revenue is invoiced in United States dollars. As a result, the Corporation is exposed to foreign currency exchange rate risk on some of its activities primarily on exchange fluctuations between the Canadian dollar, the Egyptian pound and the United States dollar. However, the majority of capital expenditures are incurred in United States dollars and oil revenues are received in United States dollars therefore Sea Dragon's exposure to foreign exchange is reduced.

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 cash flow from operations as the majority of the Corporation's general and administrative costs are incurred in Canadian dollars. Further material increases in the value of the Canadian dollar would exacerbate this potential negative impact.

To the extent that Sea Dragon determines to engage in risk management activities related to foreign exchange rates in the future, 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, if any, which could negatively impact the market price of the Common Shares. As of December 31, 2011, the Corporation had drawn US\$3.0 million against the Credit Facility, all of which was classified as a current debt obligation. As of December 31, 2011 and as of the Effective Date, the Corporation did not have any long term debt obligations.

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.

Availability of Equipment, Qualified Personal and Related Costs

Oil and natural gas exploration and development activities are dependent on the availability of drilling and related equipment (typically leased from third parties) and qualified personnel in the particular areas where such activities will be conducted. Demand for such limited equipment and qualified personnel or access restrictions may affect the availability of such equipment and qualified personnel 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. In addition, the costs of qualified personnel and equipment in the area where Sea Dragon's assets are located may be very high due to the lack of availability of, and demands for, such qualified personnel and equipment in the area.

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. Although title reviews have been or will be done according to industry standards prior to the purchase of most oil and natural gas producing properties or the commencement of drilling wells, such reviews do not guarantee or certify that an unforeseen defect in the chain of title will not arise to defeat the claim of Sea Dragon which could result in a reduction of the revenue received by Sea Dragon. Further, 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 natural gas liquids (or similar substances) reserves and cash flows to be derived therefrom, including many factors beyond Sea Dragon's control. The information concerning reserves and associated cash flow set forth in this Annual Information Form represents estimates only. In general, estimates of economically recoverable oil and natural gas reserves and the future net cash flows therefrom 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 natural gas, royalty rates, the assumed effects of regulation by governmental agencies and future operating costs, all of which may vary from actual results. All such estimates are to some degree speculative, and the classifications or reserves are only attempts to define the degree of speculation involved. For those reasons, 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 expected therefrom prepared by different engineers, or by the same engineers at different times, may vary. 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. Further, the evaluations are based, in part, on the assumed success of the exploitation activities intended to be undertaken in future years. The reserves and estimated cash flows to be derived therefrom contained in such evaluations will be reduced to the extent that such exploitation activities do not achieve the level of success assumed in the evaluation.

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. 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. Many of Sea Dragon's producing wells have a limited production history and thus there is less historical production on which to base the reserves estimates. In addition, a significant portion of Sea Dragon's reserves may be attributable to a limited number of wells and, therefore, a variation in production results or reservoir characteristics in respect of such wells may have a significant impact upon the Corporation's reserves.

In accordance with applicable securities laws, Ryder Scott and GCA have used forecast price and cost estimates in calculating reserve quantities. Actual future net cash flows will be affected by other factors such as actual production levels, supply and demand for oil and natural gas, curtailments or increases in consumption by oil and natural gas purchasers, changes in governmental regulation or taxation and the impact of inflation on costs. Actual production and cash flows derived therefrom will vary from the estimates contained in the Reserve Reports and such variations could be

material. The Reserve Reports are based in part on the assumed success of activities Sea Dragon intends to undertake in future years. The reserves and estimated cash flows to be derived therefrom contained in the Reserve Reports will be reduced to the extent that such activities do not achieve the level of success assumed in such reports. The Reserve Reports are effective as of a specific effective date and have not been updated and thus does not reflect changes in Sea Dragon's reserves and resources since that date.

Reserve Replacement

The Corporation's future oil and natural gas reserves, production, and cash flows to be derived therefrom are highly dependent on the Corporation successfully acquiring or discovering new reserves. Without the continual addition of new reserves, any existing reserves the Corporation may have at any particular time and the production therefrom will decline over time as such existing reserves are exploited. A future increase in the Corporation's reserves will depend not only on the Corporation's ability to develop any properties it may have from time to time, but also on its ability to select and acquire suitable producing properties or prospects. There can be no assurance that the Corporation's future exploration and development efforts will result in the discovery and development of additional commercial accumulations of oil and natural gas. Competition may also be presented by alternate fuel sources.

Legal Proceedings

The Corporation is involved in a litigation proceeding involving the Corporation's interest in the East Wadi Arab concession located in the Gulf of Suez, Egypt, as described under the heading "*Legal Proceedings and Regulatory Actions*". In addition, future legal proceedings, arising in the normal course of operations otherwise, could be filed against the Corporation or any of its subsidiaries and no assurance can be given as to the final outcome of any legal proceedings or that the ultimate resolution of any legal proceedings will not have a material adverse effect on the Corporation.

In late January 2012, counsel for Gaille & Co. ("**Gaille**") contacted the Chairman of Sea Dragon in writing alleging Gaille had certain assignment and approval rights and tag-along rights relating to the Acquisition arising out of a certain Memorandum of Understanding between Gaille and National Petroleum Company S.A.E. ("**NPC SAE**") (a subsidiary of Golden Crescent) dated June 10, 2007. The Corporation has been advised by NPC SAE that the dispute between Gaille and NPC SAE is currently the subject of arbitration proceedings in accordance with the terms of the Memorandum of Understanding and is without merit in any event. Gaille has also made certain allegations against the Corporation in respect of the NPC Acquisition to the effect that it would be participating in or inducing NPC SAE's alleged wrongful conduct and would therefore be liable to Gaille for the loss of assets to which Gaille has a claim. The Corporation believes that the allegations made by Gaille against it are without basis and may be an attempt to encourage a settlement with NPC SAE. There is a risk that Gaille may initiate legal proceedings against the Corporation claiming damages against the Corporation. While the Corporation would vigorously defend any such actions or claims, there is no assurance that Gaille would not be successful. Any such claim is subject to indemnification to the Corporation in accordance with the terms of the Revised Agreement.

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 seeks to insure itself in accordance with industry standards to address certain of these risks, such insurance has limitations on liability and may not be sufficient to protect Sea Dragon against the full extent of such liabilities to which it is exposed. In addition, such risks may not in all circumstances be 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 such 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's financial position, results of operations or prospects.

Dividends

Sea Dragon has never paid a dividend nor made a distribution on any of its securities. Further, Sea Dragon may never achieve a level of profitability that would permit payment of dividends or making other forms of distributions to security holders. In any event, given the stage of Sea Dragon's development, it will likely be a long period of time before Sea Dragon could be in a position to make dividends or distributions to its investors. 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. In this regard, the Corporation currently intends to retain earnings to finance expansion of its business and does not anticipate paying dividends in the foreseeable future. See "*Dividend Record*".

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 cost escalation relating to general and administrative costs if the Canadian dollar declines in value compared to the United States dollar.

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 Management and 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 effect 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 such as 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 has finalized the terms of such co-operatorship.

Future Sales of Common Shares by the Corporation

The Corporation may issue additional Common Shares in the future, including pursuant to the conversion of the Preferred Shares to Golden Crescent pursuant to the NPC Acquisition and pursuant to the IFC Financing, which may dilute a shareholder's holdings in the Corporation. The Corporation's articles permit the issuance of an unlimited number of Common Shares and an unlimited number of preference shares and other than the pre-emptive rights granted to Golden Crescent as set forth below, shareholders will have no pre-emptive rights in connection with such further issuances. The directors of the Corporation have the discretion to determine the provisions attaching to any series of preferred shares and the price and the terms of issue of further issuances of Common Shares. Further, Golden Crescent has been granted certain pre-emptive rights pursuant to the Revised Agreement. Also, additional Common Shares will be issued by the Corporation on the exercise of options under the Corporation's stock option plan and upon the exercise of outstanding common share purchase warrants.

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.

Forward-Looking Information May Prove Inaccurate

Investors are cautioned not to place undue reliance on forward-looking information. By its nature, forward-looking information involves numerous assumptions, known and unknown risks and uncertainties, of both a general and specific nature, that could cause actual results to differ materially from those suggested by the forward-looking information or contribute to the possibility that predictions, forecasts or projections will prove to be materially inaccurate. Additional information on the risks, assumptions and uncertainties are found in this Annual Information Form under the heading "*Forward-Looking Statements*".

Assessments of Value of Acquisitions

Acquisitions of oil and gas properties or companies are based in large part on engineering, environmental and economic assessments made by the acquiror, independent engineers and consultants. These assessments include a series of assumptions regarding such factors as recoverability and marketability of oil and gas, future prices of oil and gas and operating costs, environmental restrictions and capital expenditures and royalties and other government levies which will

be imposed over the producing life of the reserves. Many of these factors are subject to change and are beyond the control of the Corporation. In particular, the prices of, and markets for, oil and natural gas products may change from those anticipated at the time of making such assessment. In addition, all such assessments involve a measure of geologic, engineering, environmental and regulatory uncertainty that could result in lower production and reserves or higher operating or capital expenditures than anticipated. Although select title and environmental reviews are conducted prior to any purchase of resource assets, such reviews cannot guarantee that any unforeseen defects in the chain of title will not arise to defeat the Corporation's title to certain assets or that environmental defects, liabilities or deficiencies do not exist or are greater than anticipated. Such deficiencies or defects could adversely affect the value of the assets of the Corporation's securities.

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 deducted 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.

Risks Related to the NPC Acquisition

In addition to the other risk factors set forth in this Annual Information Form, the following risk factors relating to the NPC Acquisition should be considered by investor.

Possible Failure to Realize Anticipated Benefits of the Acquisition

The Corporation is proposing to complete the NPC Acquisition to strengthen its position in the oil and gas industry in Egypt and to create the opportunity to realize certain benefits. Achieving the benefits of the NPC Acquisition depends in part on successfully consolidating functions and integrating operations and procedures in a timely and efficient manner, as well as the Corporation's ability to realize the anticipated growth opportunities and synergies from combining the acquired properties and operations with those of the Corporation. The integration of the operations of NPC Egypt requires the dedication of substantial management effort, time and resources, which may divert management's focus and resources from other strategic opportunities and from operational matters during this process. The integration process may result in the disruption of ongoing business activities and relationships that may adversely affect the Corporation's ability to achieve the anticipated benefits of the NPC Acquisition. Further, the Corporation may encounter unexpected costs in respect of the assets acquired by the Corporation, which may partially offset the anticipated benefits of the NPC Acquisition.

Possible Failure to Complete the Acquisition

The Acquisition is subject to normal commercial risk that the NPC Acquisition may not be completed on the terms negotiated or at all. If closing of the NPC Acquisition does not take place as contemplated, the Corporation could suffer adverse consequences, including the forfeiture of an amount up to US\$2.5 million and/or the loss of investor confidence.

Unexpected Costs or Liabilities Related to the Acquisition

Although the Corporation conducted what it believed to be a prudent and thorough level of investigation in connection with the NPC Acquisition, an unavoidable level of risk remains regarding any undisclosed or unknown liabilities of, or issues concerning, NPC Egypt, its subsidiaries and their properties and assets. Following the NPC Acquisition, the Corporation may discover that it has acquired substantial undisclosed liabilities. The existence of undisclosed liabilities could have a material adverse impact on the Corporation's business, financial condition, results of operations and cash flows. In addition, the Revised Agreement limits the amount for which the Corporation will be indemnified in respect of breaches of

the Revised Agreement, misrepresentations as they relate to Golden Crescent and the litigation matter described below, and Golden Crescent may not have sufficient resources available to satisfy any claims under the indemnification provisions of the Revised Agreement. Further, as Golden Crescent is permitted to satisfy its indemnity obligations under the Revised Agreement by the delivery of Common Shares of Sea Dragon at a minimum deemed value of US\$0.20 per share or Preferred Shares at a minimum deemed value of US\$1,000 per Preferred Share, there is a risk that Sea Dragon will receive assets, being such Common Shares and/or Preferred Shares, in full satisfaction of such indemnity obligations, that have a market value that is less than the entire amount of the indemnity obligation to which they are entitled. In such event, Sea Dragon would not be able to make any additional claims under the indemnity provisions of the Revised Agreement to recover any such shortfall. For further details regarding the indemnification provisions contained in the Revised Agreement, please see the full text of the Revised Agreement, a copy of which is available under the Corporation's SEDAR profile on www.sedar.com.

On October 14, 2009, Petzed Investment and Project Management Ltd. (a subsidiary of Golden Crescent) ("**Petzed**") initiated Case No. 1383/2009 against TransOcean Mediterranean & Red Sea Drilling Ltd. ("**TransOcean**") in the Court of Helwan, seeking final declaration that Drilling Rig Contract No. PTZ 10/2008 dated September 22, 2008 (the "**Contract**") was legally terminated by Petzed. On September 30, 2010, the court of first instance at the Court of Helwan issued a judgment of non-admissibility of the case due to the existence of an arbitration clause in the Contract. This judgment was confirmed on appeal by the Cairo Court of Appeal. On January 14, 2010, TransOcean registered a notice of arbitration as Case No. 662/2010 against Petzed at the Cairo Regional Center for International Commercial Arbitration (the "**Arbitration Tribunal**") requesting settlement of the dispute arising out of the Contract. Pursuant to the terms of reference dated December 13, 2010 and signed by the members of the Arbitration Tribunal and the parties to the dispute, TransOcean seeks relief in the amount of US\$87,900,000 from Petzed, including compensation for losses and lost revenues incurred during the period during which the rig which was the subject of the Contract remained idle. Petzed claims that TransOcean is not entitled to any such relief in part due to TransOcean's failure to perform its obligations under the Contract by not making the rig available as required under the Contract. Written submissions have been exchanged in respect of the arbitration and oral proceedings are expected to take place in Cairo in April 2012 due to the unavailability of the Arbitration Tribunal prior to such date. Further to EGPC's request, on February 20, 2012, Petzed met with TransOcean. During the meeting, TransOcean stated it was willing to settle its claim for US\$22,000,000, representing its costs of maintaining the rig under dispute.

Neither NPC Egypt nor any of its subsidiaries are party to the arbitration proceedings described herein. Subject to the limitations set forth in the Revised Agreement, Golden Crescent has agreed to indemnify Sea Dragon in connection with any claims arising in respect of this litigation with TransOcean.

New Significant Shareholder

If the NPC Acquisition is completed, Golden Crescent will hold approximately 43.7% of the issued and outstanding Common Shares of the Corporation (on a non-diluted basis), prior to giving effect to the conversion of the Preferred Shares and assuming minimum of 187,500,000 Common Shares are issued pursuant to the IFC Financing. Golden Crescent's shareholding level will give it significant influence on decisions to be made by shareholders, including the ability to influence the election of directors of the Corporation as well as the approval of future transactions requiring shareholder approval. In addition, Golden Crescent has been granted certain board nominee, pre-emptive, prospectus and "piggy-back rights". Golden Crescent's large shareholding block may also make Sea Dragon less attractive to third parties considering an acquisition of Sea Dragon if those third parties are not able to negotiate terms with Golden Crescent to support such an acquisition. Golden Crescent's influence may have a negative effect on Sea Dragon's ability to enter into significant transactions, which could have a negative effect on the share price of Sea Dragon relative to its peers that are not subject to the influence of such a shareholder.

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 376,459,358 Common Shares issued and outstanding as at the Effective Date of this Annual Information Form. In addition, the Corporation has 30,000,000 warrants with an exercise price of CDN\$0.50 per warrant and 20,010,000 stock options issued and outstanding. The warrants expire on November 6, 2012.

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. The Corporation shall issue the Preferred Shares to Golden Crescent upon closing of the NPC Acquisition.

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:

<u>2011</u>	<u>High (\$)</u>	<u>Low (\$)</u>	<u>Volume</u>
January	0.35	0.19	4,699,100
February	0.28	0.24	3,604,500
March	0.26	0.20	1,382,600
April	0.23	0.20	842,800
May	0.21	0.16	560,200
June	0.18	0.13	998,900
July	0.14	0.11	1,301,500
August	0.12	0.09	1,093,100
September	0.10	0.07	883,700
October	0.12	0.06	1,158,400
November	0.11	0.08	453,000
December	0.10	0.07	551,600

<u>2011</u>	<u>High (\$)</u>	<u>Low (\$)</u>	<u>Volume</u>
<u>2012</u>			
January	0.08	0.08	608,600
February	0.12	0.09	803,800
March	0.10	0.08	211,600
April 1 -27	0.085	0.065	10,905,314

Prior Sales

Other than as set forth below, there were no securities of the Corporation that are not listed or quoted on a marketplace issued during the year ended December 31, 2011.

Type of Securities	Date Issued	Number of Securities Issued	Issue Price
Stock Options	July 12, 2011	8,060,000	N/A ⁽¹⁾

Note:

(1) The stock options were issued with an exercise price of CDN\$0.13, vest annually over the next three years and expire on July 8, 2016.

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, applicable corporate law and compliance with the provisions of the Corporation's Credit Facility, 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

In connection with the litigation related to the EWA Concession, the Corporation is aware of 3,000,000 Common Shares being held in escrow. 1,500,000 of such shares are owned by Gareeb Awad and 1,500,000 are owned by TransPacific Petroleum Corporation. These shares are held in escrow pending resolution of the litigation in respect of the EWA Concession. See "*Legal Proceedings and Regulatory Actions*" for further details in respect of such litigation.

DIRECTORS AND OFFICERS

The following table sets out as at December 31, 2011 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.

<u>Name and Municipality of Residence</u>	<u>Position(s) with the Corporation</u>	<u>Director Since</u>	<u>Principal Occupation in the Last Five (5) Years</u>
Said S. Arrata Calgary, Alberta	Chairman, Chief Executive Officer and Director	June 17, 2008	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.
A.D. (Tony) Anton ⁽²⁾ Calgary, Alberta	President, Chief Operating Officer and Director	December 9, 2010	President and Chief Operating Officer of Sea Dragon from June 1, 2010 to present; Senior Vice President Acquisitions and Engineering of Sea Dragon from November 2009 to June 1, 2010; 2002 to 2008 Vice President and COO of 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.

Name and Municipality of Residence	Position(s) with the Corporation	Director Since	Principal Occupation in the Last Five (5) Years
Olivier Serra Paris, France	Chief Financial Officer and Director	June 1, 2010	Chief Financial Officer of Sea Dragon from June 1, 2010 to present; Head of Europe, Middle East and Africa Oil and Gas Department of BNP Paribas from June 2006 to May 2010.
Ahmed Farid Ahmed Moaaz, Cairo, Egypt	Director and Country Manager and Director	May 6, 2008	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.
Barry Swan ⁽¹⁾⁽³⁾ Calgary, Alberta	Director	June 17, 2008	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⁾⁽³⁾⁽⁴⁾ Toronto, Ontario	Director	October 7, 2009	2006 to present, independent Business Advisor; from 2004 to 2006 Managing Director of MGI Securities Capital Markets.
Robert Moffat ⁽²⁾⁽³⁾⁽⁴⁾ Calgary, Alberta	Director	December 9, 2010	President of Bow Valley Energy Inc. (TSX:BVX) from February 2002 to April 2009; Director of Global Energy Services (TSX:GLK) from August 2006 to May 2010; President of Steen River Oil & Gas Ltd., a private energy company, from May 2012 - December 2010.
Ken Fitzgerald ⁽¹⁾⁽²⁾⁽⁴⁾ Calgary, Alberta	Director	June 28, 2011	Independent management consultant from 2009 to present. Prior to that, President of Ferma Resources Limited.
Mike Zayat Calgary, Alberta	Senior Vice President Exploration	N/A	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.
- (4) Member of Corporate Governance 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, 16,681,889 Common Shares or approximately 4.4% 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:

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.

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

Other than as set out below, to the knowledge of the Corporation, there are no 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, 2011, nor are there any such proceedings known to be contemplated.

East Wadi Arab Concession

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 East Wadi Arab 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 East Wadi Arab 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.

On April 16, 2010, a Statement of Claim (the “**Claim**”) was filed in the Province of Alberta against the Corporation in which the plaintiffs allege, among other things, that the actions of the Corporation contributed to the plaintiffs not being recognized for a 25% interest in the agreement for the EWA Concession. The plaintiffs seek injunctions and damages of \$32.0 million as compensation. On February 3, 2011, the Court of Queen’s Bench of Alberta granted an application by the Corporation to stay the Court proceedings in respect of the Claim, on the grounds that the Claim is subject to an arbitration agreement and an arbitration tribunal has previously been appointed to adjudicate the same subject matter as the Claim. The arbitration has itself been stayed since April 2009 due to the failure by the plaintiffs to pay a deposit required by the arbitration tribunal for the arbitrator’s fees and expenses.

The Corporation believes the Claim to be without merit and will vigorously defend itself against the Claim. As an assessment of the likelihood of loss is indeterminable at this time, no provision has been made in the financial statements for the Claim. Any such loss will be recognized in the period it becomes likely to occur.

Gaille & Co.

In late January 2012, counsel for Gaille & Co. (“**Gaille**”) contacted the Chairman of Sea Dragon in writing alleging Gaille had certain assignment and approval rights and tag-along rights relating to the Acquisition arising out of a certain Memorandum of Understanding between Gaille and NPC SAE dated June 10, 2007. The Corporation has been advised by NPC SAE that the dispute between Gaille and NPC SAE is currently the subject of arbitration proceedings in accordance with the terms of the Memorandum of Understanding and is without merit in any event. Gaille has also made certain allegations against the Corporation in respect of the Acquisition to the effect that it would be participating in or inducing NPC SAE’s alleged wrongful conduct and would therefore be liable to Gaille for the loss of assets to which Gaille has a claim. The Corporation believes that the allegations made by Gaille against it are without basis and may be an attempt to encourage a settlement with NPC SAE. There is a risk that Gaille may initiate legal proceedings against the Corporation claiming damages against the Corporation. While the Corporation would vigorously defend any such actions or claims, there is no assurance that Gaille would not be successful. Any such claim is subject to indemnification to the Corporation in accordance with the terms of the Acquisition Agreement.

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, 2011, 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, 2011.

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 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. 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. PricewaterhouseCoopers LLP has advised that they are independent with respect to the Corporation within the meaning of the Rules of Professional Conduct of the Institute of Chartered Accountants of Alberta. 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.

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 except as follows:

1. Share Purchase Agreement dated August 2009 between Sea Dragon and Premier Oil Overseas B.V. for the acquisition of the share of Premier Egypt (NW Gemsa) BV. See “General Development of the Business – Three Year History – *Acquisition of NW Gemsa Concession Interest*”.
2. Concession Agreement for Petroleum Exploration and Exploitation between The Arab Republic of Egypt and the Egyptian General Petroleum Corporation and Kriti Oil and Gas S.A. in the North West Gemsa Area, Eastern Desert, Arab Republic of Egypt. See “General Development of the Business – Three Year History – *Acquisition of NW Gemsa Concession Interest*”.
3. Concession Agreement for Petroleum Exploration and Exploitation dated July 18, 2004 between the Arab Republic of Egypt and Ganoub El-Wadi Holding Petroleum Company and Centurion Petroleum Corporation in the Komombo Area, Block 2, Ganoub El-Wadi, Arab Republic of Egypt. See “*General Development of the Business – Three Year History – Acquisition of Kom Ombo Concession Interest*”.
4. Farmout Agreement dated December 31, 2009 between Dana Gas Egypt Ltd. and Sea Dragon Energy (Kom Ombo) Ltd. relating to Block 2, Komombo Area, Arab Republic of Egypt. See “*General Development of the Business – Three Year History – Acquisition of Kom Ombo Concession Interest*”.
5. Alliance Agreement dated February 4, 2010 between Sea Dragon Energy Inc. and Tanmia Petroleum Company. See “*General Development of the Business – Three Year History – Alliance Agreement*”.
6. Revised and restated share purchase agreement dated March 19, 2012 between Sea Dragon and Golden Crescent. See “*General Development of the Business – Three Year History – NPC Acquisition*”.

All of the aforementioned material contracts are available on SEDAR at www.sedar.com.

AUDITORS, TRANSFER AGENT AND REGISTRAR

The Corporation’s auditor is PricewaterhouseCoopers 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
INDEPENDENT QUALIFIED RESERVES
EVALUATOR OR AUDITOR**

To the Board of Directors of Sea Dragon Energy Inc. (the “Company”):

1. Gaffney, Cline & Associates (GCA) has evaluated the Company’s reserves data as at 31st December 2011. The reserves data are estimates of proved reserves and probable reserves and related future net revenue as at 31st December 2011, estimated using forecast prices and costs.
2. The reserves data are the responsibility of the Company’s management. GCA’s responsibility is to express an opinion on the reserves data based on our evaluation.

GCA carried out its 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 GCA 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 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 GCA for the year ended 31st December, 2011 and identifies the respective portions thereof that GCA has evaluated and reported on to the Company’s management:

Independent Qualified Reserves Evaluator	Description and Preparation Date of Evaluation Report	Location of Reserves (Country or Foreign Geographic Area)	Net Present Value of Future Net Revenue Millions of United States Dollars (MMU.S.\$) (before income taxes, 10% discount rate)			
			Audited	Evaluated	Reviewed	Total
GCA	Evaluation of Sea Dragon’s Reserves as at 31 st December 2011 completed March 14, 2012	Komombo Concession Republic of Egypt	-	23.84	-	23.84
Totals			Nil	23.84	Nil	23.84

5. In GCA’s opinion, the reserves data respectively evaluated by GCA have, in all material respects, been determined and are in accordance with the COGE Handbook, consistently applied. GCA expresses no opinion on the reserves data that were reviewed but that GCA did not evaluate.
6. GCA has no responsibility to update its reports referred to in paragraph 4 for events and circumstances occurring after their respective preparation dates.

7. Because the reserves data are based on judgments regarding future events, actual results will vary and the variations may be material.

Executed as to our report referred to above:

Gaffney, Cline & Associates (GCA)
Bentley Hall
Blacknest, Alton
Hampshire GU34 4PU
United Kingdom

(signed) "*Brian Rhodes*"

Brian Rhodes
14th March 2012

**APPENDIX B
FORM 51-101F2**

**REPORT ON RESERVES DATA
BY
INDEPENDENT QUALIFIED RESERVES
EVALUATOR OR AUDITOR**

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, 2011. The reserves data are estimates of proved reserves and probable reserves and related future net revenue as at December 31, 2011, 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 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, 2011 and identifies the respective portions thereof that we have evaluated and reported on to the Company’s board of directors:

Independent Qualified Reserves Evaluator	Description and Preparation Date of Evaluation Report	Location of Reserves (Country or Foreign Geographic Area)	Net Present Value of Future Net Revenue (before income taxes, 10% discount rate) (USD 000’s)			
			Audited	Evaluated	Reviewed	Total
Ryder Scott Company	Estimate of Reserves and Future Income Report Prepared February 29, 2012	Northwest Gemsa Concession, Egypt	N/A	\$49,496	N/A	\$49,496

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, consistently applied. 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 data are based on judgments regarding future events, actual results will vary and the variations may be material.

Executed as to our report referred to above:

Ryder Scott Company-Canada, Calgary, Alberta, Canada

Execution Date: Dated as of the 7th day of March, 2012

(signed) "*Jennifer Fitzgerald*"

Jennifer Fitzgerald, P.Eng.

Vice President

**APPENDIX C
FORM 51-101F3**

**REPORT OF
MANAGEMENT AND DIRECTORS
ON OIL AND GAS DISCLOSURE**

Management of Sea Dragon Energy Inc. (the “**Company**”) is responsible for the preparation and disclosure of information with respect to the Company’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, 2011, estimated using forecast prices and costs.

Independent qualified reserves evaluators have evaluated the Company’s reserves data. The reports of the independent qualified reserves evaluators will be filed with securities regulatory authorities concurrently with this report.

The Reserves Committee of the board of directors of the Company has:

- a) reviewed the Company’s procedures for providing information to the independent qualified reserves evaluators;
- b) met with the independent qualified reserves evaluators to determine whether any restrictions affected the ability of the independent qualified reserves evaluators to report without reservation; and
- c) reviewed the reserves data with management and the independent qualified reserves evaluators.

The Reserves Committee of the board of directors has reviewed the Company’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 on the recommendation of the Reserves Committee approved:

- a) the content and filing with securities regulatory authorities of Form 51-101F1 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 are based on judgments regarding future events, actual results will vary and the variations may be material.

(signed) “*Said Arrata*”

Said S. Arrata
Chief Executive Officer

(signed) “*Olivier Serra*”

Olivier Serra
Chief Financial Officer

(signed) “*Ahmed Moaaz*”

Ahmed Moaaz
Director

(signed) “*Tony Anton*”

Tony Anton
Director and President

April 30, 2012