SEA DRAGON ENERGY INC.

Annual Information Form
For the year ended December 31, 2013

April 30, 2014

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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
bopd	barrels of crude oil per day
boepd	barrels of oil equivalent per day
NGLs	natural gas liquids
LPGs	liquefied petroleum gases

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
bwpd	barrels of water per day
m	meters
m^3	cubic meters
km	kilometers
km^2	square kilometers

CONVERSION

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

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

CONVENTIONS

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

FORWARD-LOOKING STATEMENTS

Certain statements contained in this Annual Information Form 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 any 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;
- 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 if any, involving the Corporation or its subsidiaries;
- treatment of the Corporation and its assets under government regulatory and taxation regimes;
- third party, stock exchange, governmental and/or regulatory approvals and the timing thereof;

- the effects of further political or other developments in Egypt; 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 further significant changes to economic conditions or political stability in Egypt;
- government regulation in the areas of taxation, royalty rates and environmental protection; and
- timely receipt of the necessary third party, stock exchange and governmental and/or regulatory approvals.

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 have 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;
- the inability of management of the Corporation to execute its business plan;
- the inability to add production and reserves through development and exploration activities;
- failure to realize the anticipated benefits of acquisitions and incorrect assessments of the value of acquisitions;
- unforeseen difficulties in integrating the assets and operations of acquired businesses into the Corporation's operations;
- 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, 2014 (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 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: +44 (0)20 3219 5640; facsimile: +44 (0)20 3219 5655; website: www.seadragonenergy.com. Sea Dragon's head office is located at 38 Welbeck Street, W1G 8DP London, United Kingdom. Its 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 10% participating interest in the NW Gemsa Concession (as defined herein). 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 (as defined herein). On October 30, 2013, SD Kom Ombo was continued under the laws of the British Virgin Islands and on October 31, 2013 the Corporation completed the sale of 100% of the common shares of SD Kom Ombo to a private third party. "*General Development of the Business – Three Year History – Kom Ombo Disposition*".

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. On October 31, 2013 it was wound up as headquarters were consolidated in London.

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.

On January 10, 2012, Sea Dragon Energy (GOS) B.V. ("**SD GOS**") was incorporated under the laws of the Netherlands for the purpose of pursuing acquisitions in the Gulf of Suez area of Egypt.

On November 14, 2012, Sea Dragon Energy Holding Ltd. was incorporated under the laws of the British Virgin Islands for the purpose of completing the acquisition of all of the issued and outstanding shares of National Petroleum Company Shukheir Marine Ltd. ("**NPC SHM**"), the holder of a 100% participating interest in the Shukheir Marine Concession (as defined herein). See "*General Development of the Business – Three Year History – NPC SHM Acquisition*".

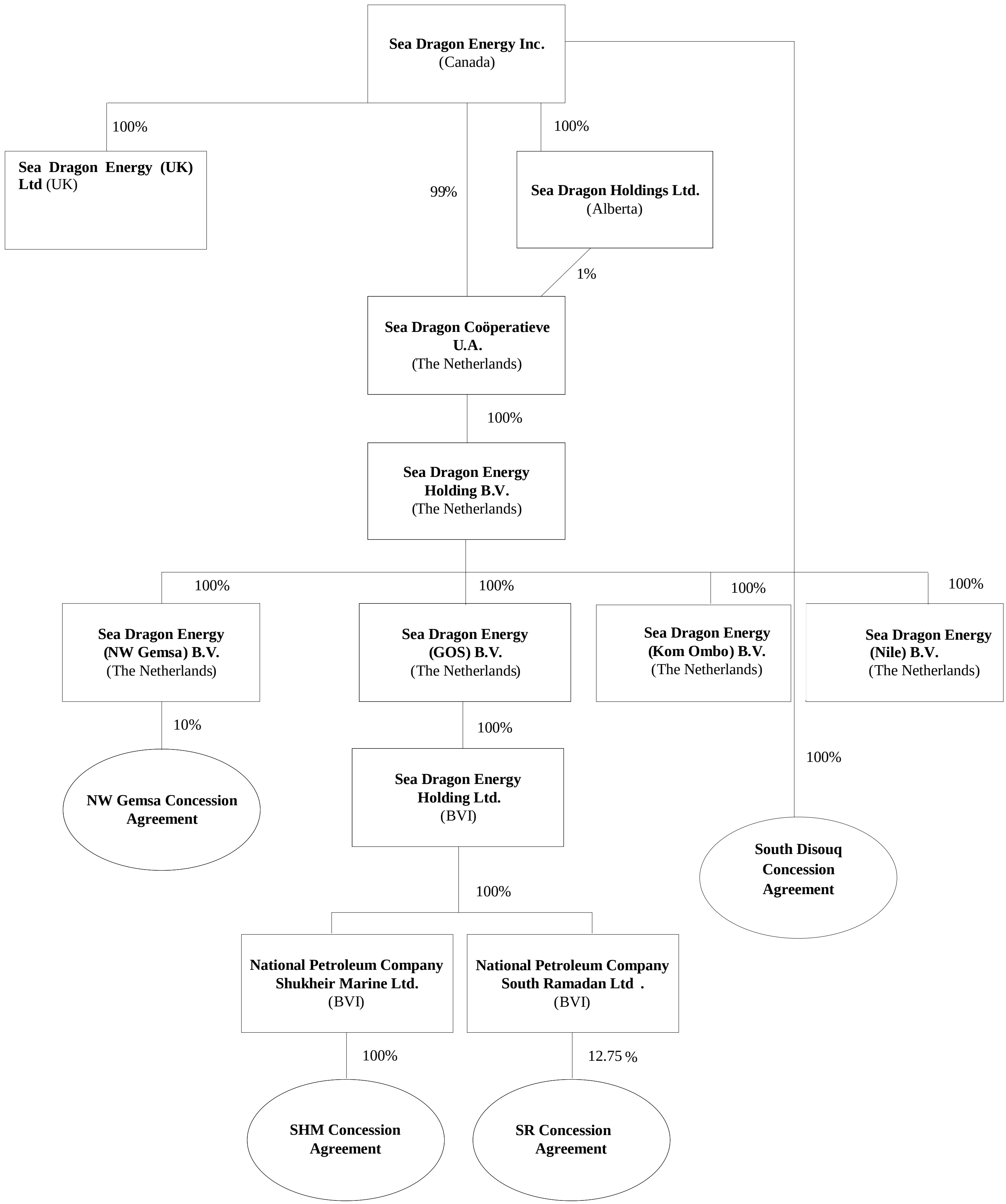
On December 1, 2012 the Corporation acquired 100% of the common shares of NPC SHM through its subsidiary, Sea Dragon Energy Holdings Ltd. See "*General Development of the Business – Three Year History – NPC SHM Acquisition*".

On May 23, 2013 Sea Dragon Energy (UK) Ltd. was incorporated under the laws of the United Kingdom for the purpose of providing management services to Sea Dragon Energy Inc.

On June 19, 2013, Sea Dragon Energy (Nile) B.V. ("**SD Nile**") was incorporated under the laws of the Netherlands for the purpose of pursuing acquisitions in the Nile Delta area of Egypt. SD Nile will ultimately hold the participating interest in the South Disouq Concession (as defined herein). See "*General Development of the Business – Three Year History – South Disouq Acquisition*".

On December 24, 2013 the Corporation acquired 100% of the common shares of National Petroleum Company South Ramadan Ltd. ("**NPC SR**"), a corporation existing under the laws of the British Virgin Islands and holding a 12.75% participating interest in the South Ramadan Concession (as defined herein), through its subsidiary, Sea Dragon Energy Holdings Ltd., a subsidiary of SD GOS. See "*General Development of the Business – Three Year History – NPC SR 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 all of 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:

(i) a 10% participating interest in the NW Gemsa Concession located in Egypt's Eastern Desert onshore the Gulf of Suez approximately 300 km south east of Cairo, Egypt (the "**NW Gemsa Concession**");

(ii) a 100% participating interest in the Shukheir Marine Concession located offshore in the Gulf of Suez approximately 300 km south east of Cairo (the "**Shukheir Marine Concession**");

(iii) a 100% participating interest in the South Disouq Concession located onshore in Egypt's Nile Delta, approximately 65 km north of Cairo (the "**South Disouq Concession**"); and

(iv) a 12.75% participating interest in the South Ramadan Concession located offshore in the Gulf of Suez approximately 250 km south east of Cairo (the "**South Ramadan Concession**").

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, 2013 and recent developments for the periods subsequent thereto.

<u>Prior to 2011</u>

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 10% participating interest in 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 10% share of all costs and expenses and is entitled to receive 10% 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.

Acquisition of Kom Ombo Concession Interest

The Corporation entered into a 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 Concession. The remaining 50% participating interest in the Kom Ombo Concession was and continues to be held by DGE. 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.

<u>2011</u>

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.

NW Gemsa Concession 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 water injection wells and three oil producing wells being completed. Water injection began in October 2011 and positive pressure response was observed in several wells within the Rahmi and Shagar reservoirs. The Geyad-4 St2 well was placed on sustained production on December 26, 2011 and benefitted from water injection at Geyad-5 well, which began on January 18, 2012.

See "*Principal Properties – NW Gemsa Concession*".

Kom Ombo Concession 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 resulted in a significant improvement in the interpretation and mapping of the distribution and understanding the behaviour of the various reservoirs which have been and will be used in further exploration and appraisal activities.

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. 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. 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.

Changes to Board of Directors

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.

<u>2012</u>

NPC Egypt 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 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 and Golden Crescent amended and restated the share purchase agreement to change, among other things, the consideration payable by the Corporation. The amended agreement provided that the Corporation would acquire NPC Egypt in exchange for the issuance to Golden Crescent of: (i) 437.5 million Common Shares at a deemed price of $0.20 USD per share; and (ii) US$60 million of redeemable convertible non-voting preferred shares of the Corporation.

The share purchase agreement was further amended on May 10, 2012 to, among other things, extend the closing date of the acquisition. On July 23, 2012 the Corporation and Golden Crescent mutually agreed to terminate the agreement due to uncertainty regarding the date on which the acquisition could be completed.

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 to be determined in the context of the market at the time of filing a final short form prospectus in respect of the Offering. 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 acquisition of NPC Egypt. 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.

NPC SHM Acquisition

On December 6, 2012, the Corporation, through its wholly-owned subsidiary, Sea Dragon Energy Holding Ltd., acquired all of the shares of NPC SHM from NPC Egypt for cash consideration of approximately $0.25 million plus the assumption of NPC SHM's working capital deficiency excluding accounts receivable. The effective date of the transaction was December 1, 2012. The acquired assets include a 100% participating interest in the Shukheir Marine Concession.

See "*Principal Properties – Shukheir Marine Concession*".

Shukheir Marine Concession Operations

The Shukheir Marine Concession is comprised of two fields, the Shukheir Bay field and the Gamma field. Production averaged 486 bopd in 2012. In December 2012 the Corporation installed a new injection pump to replace the previous rental unit.

NW Gemsa Concession Operations

The 2012 activity was directed towards continued development/appraisal drilling and waterflood expansion. The program was successful with six wells drilled and completed, four producers and two injectors. Production averaged 8674 bopd in 2012 (867 net to the Corporation). Water injection which began in 2011 in the Al Amir SE field was expanded to include the Geyad field in January 2012, with a continued positive pressure response to water injection being observed in several wells.

See "*Principal Properties – NW Gemsa Concession*".

Kom Ombo Concession Operations

In 2012 the Corporation's exploration commitments were fulfilled, with the West Al Baraka development lease receiving Government approval in January 2013 following the drilling of the West Al Baraka-2 discovery well. Gross production averaged 490 bopd in 2012 (245 bopd net to the Corporation).

<u>2013</u>

Changes to Management and Directors

On April 15, 2013, the Corporation announced the appointment of Paul Welch as the new President, Chief Executive Officer and Chief Operating Officer of the Corporation. Said Arrata, the former Chief Executive Officer, remained as the Executive Chairman and a director of the Corporation and Tony Anton, the former President and Chief Operating Officer of the Corporation, remained a director of the Corporation and was appointed as an executive advisor to the Corporation until end of 2014.

On September 12, 2013 Tony Anton resigned as a director of the Corporation and Paul Welch was elected to the board of directors of the Corporation.

South Disouq Acquisition

On April 22, 2013, the Corporation announced that it had been awarded a 100% participating interest in the South Disouq concession as a result of its successful bid in a recent Egyptian Natural Gas Holding Company ("**EGAS**") bid round. The South Disouq concession is approximately 1,275 km^2 and is located in the Nile Delta, approximately 65 km north of Cairo. The concession has been lightly explored to date.

The awarded concession was ratified by the Egyptian Government on March 19, 2014. The Corporation intends to acquire approximately 300 km^2 of 3D seismic and drill at least one exploratory well.

See "*Principal Properties – South Disouq Concession*".

Kom Ombo Concession Operations

During the first quarter of 2013 additional testing results from West Al Baraka field were significantly lower than anticipated. These results triggered an impairment test for the Kom Ombo Concession which resulted in a $7.2 million charge and the asset being put on a strategic review.

Kom Ombo Disposition

On October 31, 2013, the Corporation completed the sale of all of the issued and outstanding shares of its indirect subsidiary SD Kom Ombo for cash consideration of approximately $7.3 million, including working capital adjustments.

SD Kom Ombo owned a 50% participating interest in the Kom Ombo Concession, located in the southern part of Egypt, approximately 1,000 km south of Cairo. The concession was acquired by the Corporation in April 2010 and consisted of 2 fields, Al Baraka and West Al Baraka which produced approximately 412 bbls/d (206 bbls/d net) at the time the sale was announced in September 2013. Audited reserves as of December 31, 2012 for the Kom Ombo Concession were approximately 1.3 mmbbls (0.65 mmbbls net), prior to the impairment charge of the first quarter of 2013.

NPC SR Acquisition

On December 24, 2013, the Corporation, through its wholly-owned subsidiary, Sea Dragon Energy Holding Ltd., acquired all of the shares of NPC SR from Petzed Investment and Project Management Ltd. ("**Petzed**") for cash consideration of approximately $0.3 million. The acquired assets include a 12.75% participating interest in the South Ramadan Concession. General Petroleum Company ("**GPC**") holds a 50% participating interest in the South Ramadan Concession and operates the concession and Pico International Petroleum Services Panama S.A. ("**Pico**") and Greystone Petroleum (Egypt) Limited ("**Greystone**") hold the remaining 24.5% and 12.75% participating interests, respectively.

The 26.2 km^2 concession, located in 27 meters of water, contains two proven productive horizons in the Eocene age Thebes and Senonian age Matulla carbonates. These horizons, combined, have produced 3.75 mmbbls of light oil to date from two existing wells tied back to an existing platform. The wells are shut-in and there is no production currently. The work commitment, over the 10 year extension period granted in December 2013, consists of $23 million gross ($2.93 million net) for one new well and facility upgrades.

See "*Principal Properties – South Ramadan Concession*".

Shukheir Marine Concession Operations

In February 2013 a workover was conducted on the SHB-5 producing well to replace a corroded tubing string. The Corporation plans to further develop the Shukheir Marine Concession by pursuing both development and exploration opportunities that have been identified on 3D seismic and geological mapping, which was recently completed. A 10 year license extension application for the Shukheir Marine Concession was submitted during the third quarter of 2013.

See "Principal Properties – Shukheir Marine Concession".

NW Gemsa Concession Operations

In the first quarter of 2013, two successful wells were drilled (the Al Amir SE-14 ST and the Al Amir SE-16) and a fracture stimulation of the Geyad-4 ST-2 well was successfully completed.

The gas conservation project was completed in February 2013, and gas volumes which were previously flared are now being recovered and associated condensate and liquefied petroleum gas volumes are being captured and marketed. The gas tie-in project involved the installation of an 8" gas pipeline for transporting associated gas to a nearby processing plant. Solution gas and incremental liquids production commenced on February 12, 2013.

See "*Principal Properties – NW Gemsa Concession*".

Credit Facility

As at December 31, 2013, there were borrowings available to the Corporation under the Credit Facility of $12 million of which none was drawn in cash and $2.9 million was issued as a performance bond. As of the effective date hereof, the Corporation has drawn $3.0 million on the Credit Facility and $3.0 million was issued as a performance bond.

Developments in Egypt

On February 25, 2013 President Morsi announced that new parliamentary elections would take place from April to June, however, these elections were postponed. In late June 2013, mass civil protests in Cairo and other large population centres in Egypt began which ultimately led to the Egyptian military removing the President from his office on July 3, 2013. Additional protests held by supporters of Mohamed Morsi continued in Cairo and other major cities in Egypt for several weeks following his removal from office. Since that time there have continued to be small civil disturbances and demonstrations.

Since July 2013, an Egyptian military appointed interim President and cabinet have been responsible for governing Egypt, based on a clear roadmap to elections. The government implemented an US$8.5 billion stimulus package with the backing of GCC State funding in October 2013 and January 2014 and took significant steps towards fiscal reforms, implementing VAT and improving income tax collection. In January 2014, a new and modern constitution was adopted after a nationwide referendum. These steps bolstered investor confidence and the EGX stock exchange has returned to 2010 levels in a dramatic rally since October 2013. Both Fitch and Standard & Poors rating agencies then upgraded Egypt's sovereign credit risk to B- with a stable outlook.

A new government was appointed in February 2014 to continue the effort to map out structural reforms needed to improve the budget and stimulate growth and employment. The effort has a particular focus on helping exporting industries, providing investment incentive for domestic and foreign investors, gradually removing energy subsidies over 5 years, and securing IMF support. Presidential elections are being planned for May 26-27, 2014 to transition to a new democratically elected government, with Parliamentary elections planned for the fall.

The demonstrations and other events in Egypt have been largely confined to Egypt's major city centers and have 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. 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 – 2014

South Disouq

The Corporation paid the $4 million signature bonus for the South Disouq concession on February 12, 2014. The South Disouq concession was ratified by the Government of Egypt on March 19, 2014. The work program (3-D seismic and one well) has been supported by the issuance of a guarantee for US$9.0 million. The issuance of the US$9.0 million guarantee has been secured with a performance bond of US$3.0 million and also a production guarantee/revenue pledge of US$6.0 million which is secured against production from the Shukheir Marine Concession.

NW Gemsa Concession Operations

On March 3, 2014 the Corporation announced that the AL Amir SE-19 development well encountered significant oil bearing reservoir section in both the Kareem Rahmi and Shagar formations and that the well would be completed as a producer in the Shagar. The well was drilled to a depth of 10,000 feet where both the Shagar and the Rahmi oil reservoirs were encountered. Log analysis indicated 19 feet of net Shagar oil pay and 10.5 feet of net Rahmi oil pay. The well flowed on test light 42.3 º API oil at a rate of 1,365 bopd with 1.405 mmscfd of associated gas. The well has been placed on production and the rig has moved off to a new development well location where it is currently drilling.

On January 23, 2014, a Gas Sale Agreement ("**GSA**") was signed between the operator, the partners and EGPC to sell the gas and liquids production from NW Gemsa. The GSA defines the products as sales gas (expressed in MMBTU), LPG (tons) and condensates (barrels). The agreed prices for sales gas and LPG are defined in the NW Gemsa Concession Agreement by reference to propane and butane prices and concentrations.

The condensate price is based on a condensate pricing formula undertaken by EGPC linked to international oil prices.

Other Developments

On June 7, 2013, the Corporation, with the consent of the option holders, cancelled 15,350,000 outstanding stock options. It was subsequently agreed, effective October 11, 2013, that 4,400,000 of such cancelled options would be re-issued upon the same terms, including the same expiry date of July 8, 2016 and the exercise price of CDN$0.13, as the cancelled options.

On January 29, 2014, 4,660,000 stock options expired in accordance with their terms.

Significant Acquisitions

The Corporation did not complete any significant acquisitions during the fiscal year ended December 31, 2013.

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 northern Africa with an emphasis on Egypt. Management has extensive experience in doing business in Egypt and a strong local operational setup.

The Corporation focuses on regions where 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 and 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) Probability 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 and Transportation to Market

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.

Oil produced from the NW Gemsa Concession is transferred, after processing, to either East Zeit Petroleum Company ("**ZEITCO**") East Zeit facilities (operated by Dana/EGPC), or to the Suez Oil Company ("**SUCO**") Zeit Bay facilities (operated by RWE Dea AG/EGPC), through a 6" 21 km onshore pipeline for storage. The oil is then shipped to the loading terminals at Ain Sukhna or Suez where it is delivered to EGPC. NW Gemsa produces a light 42° API crude oil sold at a price determined by EGPC, at a $0.25 marketing fee discount to the East Ziet blend benchmark, ultimately equivalent to a 2013 average monthly Brent North Sea price less $3.82 per barrel, i.e. a 3.5% discount to Brent (net of transportation and processing fees).

Gas and liquids produced from the NW Gemsa Concession are transferred to the SUCO processing facilities operated by RWE Dea AG/EGPC for complete treatment, through a 12" 16 km onshore pipeline. After processing, the gas and liquid petroleum gas ("**LPG**") are transferred to the Gulf of Suez Petroleum Co. ("**GUPCO**", operated by B.P./EGPC) by 6" and 16" gas and liquids pipelines, while the condensate is shipped by 16" oil pipeline and delivered to EGPC at a tanker terminal owned by Petrogulf Misr Company. Gas from the NW Gemsa Concession is sold to EGPC at $1.6 /mmcf for cost gas and $1.0/mmcf for profit gas pursuant to the GSA signed in January 2014. LPGs are sold to EGPC as part of the GSA at prices based on fuel oil indices and condensate is sold at crude oil prices.

The Corporation's crude oil production from the Shukheir Marine Concession is currently marketed to EGPC pursuant to the terms of the Shukheir Marine Concession Agreement. The Shukheir Marine Concession Agreement sets the selling price for crude oil at Ras Albihar and Ras Gharib index blend prices, which translated into a 2013 average monthly Brent North Sea price less $8.65 per barrel, i.e. an 8% discount to Brent (net of transportation and processing fees).

The Shukheir Bay field is currently producing oil through two wells. The oil is transferred to General Petroleum Company's ("**GPC**") Shukheir gathering station at the western onshore Shukheir area via three 2.2 km/4"pipelines for treatment (initial de-gassing and de-watering). The treated oil is then pumped and sold to GPC's facilities in the Um El Yusr station, which is then delivered to and sold to EGPC at the Ras Gharib terminal, via a 19 km /12" pipeline.

The Gamma Field, which covers an area of 23.7 km^2 of shallow offshore water in depths from 0 to 70 meters, 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" subsea pipeline. It is then shipped to the GPC Shukheir gathering station via a 22 km/6" pipeline. A 17.9 km multi-size pipeline (6"/8"/10") 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 and sold to EGPC at the Ras Gharib terminal, via a 19 km/12" pipeline.

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 and the Shukheir Marine Concession consists of EGPC, which currently purchases crude oil from the concession owners under the applicable Concession Agreement. The concession owners are currently dependent upon EGPC to purchase its 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 agreement governing the NW Gemsa Concession imposes 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 operators of the concessions are also required to have operational and emergency response procedures and safety and environmental programs in place to reduce potential loss exposure. The Corporation, as operator of the Shukheir Marine concession also has an obligation to maintain an insurance program. All the Corporation's assets are insured to internationally accepted standards and are consistent with industry practice. 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, 2013, the Corporation had 19 employees. As of the Effective Date of this Annual Information Form, the Corporation has 19 employees. 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, Shukheir Marine Concession, South Ramadan Concession and South Disouq 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 currently 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. However, as a result of political changes and periods of civil unrest, the financial situation in Egypt has deteriorated, as reflected by ratings downgrades and some delays in payment, and political uncertainty has increased. The functional currency in the primary operating area is US dollars. See "*Development of the Business – Three Year History",* "*Risk Factors – Foreign Operations*" and "*Risk Factors – Political and Economic Risks*".

Sea Dragon is paid in US dollars and Egyptian pounds 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 and seeks to match its Egyptian pounds collection and expense rate, thereby reducing its foreign exchange exposure. While the percentage of revenues collected in EGP has increased, the exposure has been managed to benefit the Corporation. EGP are used to pay cash calls, operating expenditures and payables and to fund the local office's general and administrative expenses, thereby mitigating the requirement to convert EGP to US$. The further devaluation in 2013 of the EGP to the US$ (8.4%) has also been advantageous for the Corporation in continuing the practice of paying all operational expenditures in EGP as opposed to US$.

Tax Horizon

Sea Dragon was not required to pay any income tax for the year ended December 31, 2013. 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, the Shukheir Marine Concession Agreement, the South Ramadan Concession Agreement and the South Disouq Concession Agreement. Pursuant to the terms of such Concession Agreements, the corporate tax liability of the joint venture partners is paid by EGPC or EGAS, as applicable, out of the profit oil attributable to EGPC and EGAS, as applicable, and not directly payable by the Corporation. For accounting purposes the corporate taxes paid by EGPC and EGAS, as applicable, 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, the Shukheir Marine Concession, the South Ramadan Concession and the South Disouq Concession. The following table provides an overview of selected information in respect of the Corporation's Egyptian properties.

	NW GEMSA	**SHUKHEIR MARINE**	**SOUTH RAMADAN**	**SOUTH DISOUQ**
Location:	Onshore	Offshore	Offshore	Onshore
Basin:	Gulf of Suez	Gulf of Suez	Gulf of Suez	Nile Delta
Year Acquired:	2009	2012	2013	2013(2)
Status:	Development / Exploration	Development / Exploration	Development/ Exploration	Exploration
Concession Operator:	Vegas Oil and Gas Ltd.	Sea Dragon	GPC	Sea Dragon
Sea Dragon Participating Interest (%):	10%	100%	12.75%	100%
Area (km2):	82.7(1)	29	26	1,275
Expiry Date of Current Exploration Phase:	July 2010(1)	Expired	Expired	February 2017
Development Lease Terms:	20 year + 3 x 5 year extensions	15 year + 3 x 5 year extension	20 year + 10 year extension	20 year + 5 year extension

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 19.7 km^2. The remainder of the exploration area has expired.

(2) The Corporation was awarded the South Disouq Concession in an EGAS bid round in April, 2013. The concession was ratified by the government of Egypt on March 19, 2014.

<u>NW Gemsa Concession</u>

Description

The NW Gemsa Concession is a 82.7 km^2 onshore concession located approximately 300 km 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 Reserve Report (as defined herein) evaluates reserves for the Al Amir SE / Al Ola and Geyad fields only. As at December 31, 2013, the Corporation held and currently holds a ten (10%) percent participating interest in the NW Gemsa Concession. The Corporation's partners 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 km west of the oil producing Gazwarina field. As of March 31, 2014, the Al Amir SE / Al Ola field contains 11 oil producing wells, 4 shut-in oil wells and 5 water injection wells. Production from the Al Amir SE field commenced in February 2009. The Geyad field is located approximately ten km northwest of the Al Amir SE field. As of March 31, 2014, the Geyad field contains 4 oil producing wells, 1 shut-in oil well and 1 water injection well. Production from the Geyad field commenced in August 2009.

Cumulative oil production for the NW Gemsa Concession has now reached 14 million bbls of light oil. Current oil production from the NW Gemsa Concession averages 11,128 bopd (1,112 bopd net to the Corporation). Current solution gas and natural gas liquids sales volumes are averaging 10.7 mmscf/d (1.0 mscf/d net) of sales gas, 99 bbls/d (9.9 bbls/d net) of NGLs and 220 bbls/d (22 bbls/d net) of LPGs. Total production is approximately 13,207 boepd (1,320 boepd net to the Corporation).

Operational Highlights and Future Plans

In October 2008, a discovery was announced on the Al Amir-SE1 well with 41º API oil tested at 3,388 bopd 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 40º API oil. The first zone tested 2,809 bopd 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 º API oil tested at 6,150 bopd 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 bopd of oil and 6.9 mmscf/d of gas using a 64/64" choke and 4,300 bopd and 4.9 mmscf/d of gas using a 48/64" 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 bopd using a 24/64" 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 bopd 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 bopd (110 bopd 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 bopd (140 bopd 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. In 2012 the well was successfully recompleted as a dual zone injector in the Rahmi and Shagar intervals. Injection resumed on November 4, 2012.

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 targets 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 2,825 bopd. 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, initially contributing approximately 1,200 bopd (120 bopd 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. Petrophysical analysis of open hole logs indicated 34 feet of oil pay in the Shagar zone and 31 feet of higher water saturation interval in the Rahmi. High water cuts were observed while flow testing the Rahmi and this interval was placed on water injection.

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 2,430 bopd and gas at 2.5 mmscf/d. The well was placed on production at an initial rate 1,000 bopd.

The Geyad-4 well was spud on October 26, 2011 and successfully drilled to a total depth of 6,830 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 bopd.

The AASE-11 well was spud on February 5, 2012 with the purpose of appraising the northwest portion of the field. The well was drilled to a total depth of 9,600 feet and later sidetracked to the southwest 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 Shagar zone was placed on production at an initial rate of 1,635 bopd but later experienced water production problems, likely caused by communication with a water bearing interval via poor cement bond.

The AASE-12 development well was spud on April 24, 2012. The well reached a total depth of 10,200 feet and was later sidetracked as the Kareem sands were faulted out. The sidetrack was drilled to a final total depth of 10,315 feet and encountered 15.5 feet of oil pay in the Shagar sand. The interval was completed and flowed oil and gas on test at an average rate of 2,595 bopd and 4.7 mmscf/d respectively, on a 48/64” choke. The well was placed on production at an initial flow rate of 1,038 bopd.

The Al Ola-3 water injector was spud on July 16, 2012. The well is situated 870 meters south of the Al Ola 1x producer and 1,445 meters south east of the Al Ola-2 producer. The well was drilled to total depth of 10,550 feet and core data shows 22 feet of Shagar and 20 feet of Rahmi good quality sands were encountered. The well was subsequently dually completed in both the Shagar and Rahmi intervals.

Geyad-6 was spud on September 10, 2012. The well was drilled to its total depth of 6,200 feet and subsequently sidetracked as the Shagar sands were found to be water bearing. The sidetrack was successfully drilled to a final depth of 6,350 feet, encountering seven feet of net pay in the Shagar. The well was completed in the interval 5,996 to 6,006 feet and tested at 1,600 bopd.

AASE-13 was spud October 14, 2012 and was drilled to a total depth of 10,350 feet. 20 feet of Shagar net pay with 12% porosity and low water saturation were encountered. The Shagar zone was perforated resulting in an oil rate of 1,280 bopd.

On November 26, 2012, the Al Amir SE-14 ST-2 development well was spud with the objective of appraising the Shagar and Rahmi reservoirs between the Al Ola-1x and Al Amir SE-12 ST wells. The well is located in the southern part of the Al Amir SE field, 738 meters NW of the AASE-12 ST surface location. The second side track hole was successfully drilled to its total depth of 10,000 feet. Petrophysical analysis indicates the well encountered 16 feet of net oil pay in the Kareem Shagar sand and 13 feet of net oil pay in the Kareem Rahmi sand. The well was placed on production at 1,333 bopd using a 28/64" choke.

In October 2012 the Geyad-1 well was re-completed in both the Rahmi and Shagar sands. Both intervals were re-perforated and a new completion string was run to allow comingled production.

The Geyad-4 ST-2 well was drilled as an infill well in November 2011. The well encountered thin and tight Kareem Rahmi sand. Initial production was 300 bopd with a high decline rate but with no increase in water cut and was eventually shut-in January, 2013. In order to restore and enhance well productivity a fracture stimulation was conducted. The stimulation was successfully completed and as of February 22, 2013 the well was placed back on production at 750 bopd at 750 psi well head flowing pressure using a 24/64" choke.

The AASE-16 well was spud February 28, 2013 and was completed as a water injection well targeting the Kareem Shagar and Rahmi sands. The well was successfully drilled to its total depth of 11,000 feet in the Upper Rudeis Formation. It encountered 27 feet of good quality wet sand in the Shagar member of the Karim Formation in the interval 10,807 to 10,834 feet. This well added another water injection point in the field, which is anticipated to improve sweep efficiency and maximize oil recovery. The well is located approximately 860 meters northwest of the AASE-6 well surface location and 310 meters southwest of the AASE-10 well surface location.

The gas conservation project was completed in February 2013, and gas volumes which were previously flared are now being recovered. Associated condensate and liquefied petroleum gas volumes are also being captured and marketed. The gas tie-in project involved the installation of an 8" gas pipeline for transporting associated gas to a nearby processing plant. Solution gas and incremental liquids production commenced on February 12, 2013. Currently volumes average 9.8 mmscf/d (980 mscf/d net) of sales gas, 100 bpd (10 bpd net) of condensates and 22 tons (2.2 net) of LPGs/day.

The AASE-17 well was drilled as a development well in June 2013. The well was drilled to a depth of 9,905 feet where both Shagar and Rahmi oil reservoirs were encountered. The well is located in the central western part of the Al Amir SE field, 200 meters south-west of the AASE-14ST Rahmi sand producer. Petrophysical analysis indicates the well encountered 12 feet of net oil pay in the Kareem Shagar sand and 16 feet of net oil pay in the Kareem Rahmi sand. The well was placed on restricted production at 1,134 bopd and 1.31 mmscf/d using a 24/64" choke.

After completing the AASE-17 well, the rig was moved to the Shehab-2 exploration well location approximately 2 km north of the Geyad field. The well spud on June 19, 2013 targeting the Kareem horizon. The well encountered 30 feet of potentially gas bearing sands in the Upper Rudeis limestones and good quality intervals in the Kareem horizon, which proved to be water bearing. The Upper Rudeis limestone intervals were subsequently fracture stimulated and tested but failed to flow. The well was temporarily abandoned wile alternative stimulation and completion options are investigated.

The AASE-18 well was drilled as a development well in July and August of 2013. The well was drilled to a depth of 10,400 feet where both Shagar and Rahmi oil reservoirs were encountered. Petrophysical analysis indicates the well encountered 34 feet of net oil pay in the Kareem Shagar sand and 32 feet of net oil pay in the Kareem Rahmi sand. The well is located in the north-western part of the Al Amir SE field. The well was originally drilled as a proposed water injector but the structure was encountered 200 feet high to the original prognosis with the encountered intervals being also thicker and better quality than the most recently drilled AASE-17 well.

The AASE-15 well was drilled as a development well in August and September of 2013. The well is located in the north-western part of the Al Amir SE field, downdip and 800 meters north-west of the Rahmi producer AASE-18. The well was originally planned as a vertical hole to appraise the Shagar and Rhami sands however it was sidetracked for geological reasons. The structure encountered 16 feet of net oil pay in the Rahmi sand. The well has been completed as a producer (perforations 10,094 – 10,120 feet MD) and will later be converted to a water injection well for the Rahmi sand to support updip production in this western part of the field.

The AASE-19 well was drilled as a development well in early 2014. The well was drilled to a depth of 10,000 feet where both Shagar and Rahmi oil reservoirs were encountered. The well is located in the north-western part of the Al Amir SE field. Petrophysical analysis indicates the well encountered 19 feet of net oil pay in the Kareem Shagar sand and 10.5 feet of net oil pay in the Kareem Rahmi sand. The well was completed as an oil producer in the Shagar and has flowed on test light 42.3 º API oil at a rate of 1,365 bopd with 1.405 mmscfd of associated gas. The well is currently shut-in for a build-up but will be placed on production as soon as the rig is moved off location

Water injection on the NW Gemsa Concession is ongoing with 4 injectors currently operating at Al Amir SE Field and 1 injector at Geyad Field and 1 injector at Al Ola. The average water injection volume over the 2013 financial year was 25 mbwpd. Monthly average water injection rates ranged from 16.3 mbwpd to 31.7 mbwpd, with peak injection recorded in September 2013.

The current voidage injection at the Rahmi reservoir in the AASE field is insufficient to re-pressurize the reservoir. Accordingly, additional injection capacity is required to achieve the reservoir pressure target and additional injectors will be drilled in 2014.

Unitization negotiations continue to proceed with Dana Petroleum who holds an eastern extension to the Al Amir SE field. Unitization will allow the field to be efficiently managed, resulting in optimal production and reserves.

The NW Gemsa development program for 2014 includes but is not limited to, the drilling of 2 development wells, 1 additional water injector well, and 1 workover of a water injector well. Total capital expenditures for 2014 are estimated at up to US$20 million with the Corporation's 10% share being up to $2 million (exclusive of operating expenditures).

Shukheir Marine Concession

Description

The Shukheir Marine concession is located offshore in the Gulf of Suez Basin and consists of two fields, Shukheir Bay field and Gamma field. The current concession expires in August 2015 unless extended by the Government.

The Shukheir Bay Field, which covers a shallow offshore water area of five km^2, 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. The oil is transferred to General Petroleum Company's Shukheir gathering station at the western onshore Shukheir area via three 2.2 km/4" pipelines for treatment (initial degassing and dewatering). The treated oil is then pumped and sold to GPC's facilities in the Um El Yusr station, which is then delivered to and sold to EGPC at the Ras Gharib terminal, via a 19 km/12" pipeline.

The Gamma Field, which covers an area of 23.7 km^2 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" subsea pipeline. It is then shipped to the GPC Shukheir gathering station via a 22 km/6" pipeline. A 17.9 km multi-size pipeline (6"/8"/10") 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 and sold to EGPC at the Ras Gharib terminal, via a 19 km/12" pipeline.

Cumulative oil production for the Shukheir Marine Concession has now reached 13.5 million bbls of light oil. Current production from the Shukheir Marine Concession averages 350 bopd.

Operational Highlights and Future Development Plans

In December 2012, the Corporation installed a new water injection pump to replace the previous rental unit and in February 2013 a workover was successfully completed on the SHB-5 producing well to replace a corroded tubing string, with production being restored at previous levels.

The Corporation is considering plans to acidize the GA-1 well in 2014 in order to remove some skin damage and increase production, which should help to reduce operating costs and maintain production.

The Corporation is conducting the economic analysis to support a well proposal pursuant to the completed geological re-mapping based on its 3D seismic coverage of the area, in order to evaluate exploratory drilling opportunities on the Gamma lease to prospect the Nubia Formation and on the Shukheir Bay lease to prospect the Kareem Formation.

The Shukheir Marine development program for 2014 includes but is not limited to the workover on Gamma-1 well and a US$2 million signature bonus contingent on the award of a 10-year concession extension in order to carry out exploratory drilling. Total capital expenditures for 2014 are estimated at up to US$2.5 million (exclusive of operating expenditures).

South Ramadan Concession

Description

The SR Concession comprises an offshore field having an area of 26 square km. 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.

GPC, the operator under the SR Concession, has a 50% participating interest in the South Ramadan Concession. Pico, Greystone and Petzed own the remaining 50% participating interest in the SR Concession, being 20%, 17.25% and 12.75%, respectively. Joint operations with respect to the South Ramadan Concession are managed through a management committee rather than a joint venture operating company, with representation from each of the three members of the contractor group, NPC SR, Greystone and Pico.

In the 1980s, Total Proche Orient (S.A.) ("**TPO**"), a previous holder of a participating interest in the South Ramadan Concession, acquired a total of 221 km of 2D seismic data, which data was processed in 1983 and reprocessed in 1984. TPO drilled two successful exploratory wells and a commercial discovery was declared in 1983. The South Ramadan Concession was subsequently converted to a development lease, ending August 2013, and oil production (38°API) started in mid-1985. The development lease was extended for a period of 10 years on October 30, 2013.

There are currently five wells located in the South Ramadan Concession, three dry wells (GS313-1, GS313-2 and GS313-3) and two wells which have tested for oil and gas (SRM-1/1A and SRM-2). The discovery well South Ramadan-1 tested and recovered oil from the Cretaceous Early Senonian sandstone (1,500 Bbl/d) in addition to the fractured carbonates of Cretaceous Late Senonian (3,200 Bbl/d) and Eocene (500 Bbl/d). Production from this well ceased in December 1997 after a cumulative production of 2.8 MMstb. A second well, South Ramadan-2, also tested and recovered oil and gas from the Miocene Nukhul formation, the Eocene formation/reservoir and the Cretaceous Senonian formation/reservoir. The South Ramadan-2 well was producing and commingling from both Early Senonian and Eocene reservoirs. However, production ceased when water concentration levels reached 65% to 70% and the well was intermittently producing due to low pressure for lifting. Cumulative production from this well reached 0.9 MMstb.

The field is currently shut down and accordingly, there is no production.

Operational Highlights and Future Development Plans

The South Ramadan development program for 2015 includes but is not limited to, the drilling of 1 development well and facilities upgrade. Total expenditures for 2015 are estimated at up to US$ 2.9 million (exclusive of operating expenditures).

South Disouq Concession

Description

The South Disouq concession is approximately 1,275 km^2 and is located in the Nile Delta, approximately 65 km north of Cairo. The concession is on the prolific Abu Madi-Baltim trend which has significant gas and condensate production in the Nile Delta and has been lightly explored to date. On April 22, 2013, the Corporation announced that it had been awarded a 100% participating interest in the South Disouq concession as a result of its successful bid in a recent EGAS bid round.

The Corporation intends to acquire approximately 300 km^2 of 3D seismic and drill at least one exploratory well during the first 3-year exploration period. The Corporation intends to farmout the concession and related work commitments.

INDUSTRY AND MARKET OVERVIEW

Overview of the Development of Oil and Gas in Egypt

The petroleum industry plays a key role in the Egyptian economy, representing over 60% of foreign direct investment and close to 20% of gross domestic product. Egyptian production comes from four main areas: the Gulf of Suez, the Western Desert, the Eastern Desert, the Nile Delta 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.

The Gulf of Suez is 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 British Petroleum, Royal Dutch Shell Plc and Eni S.p.A.

Egypt's oil industry has been developed by large oil and gas companies taking on projects that were beyond the fiscal and operational capacity of the State. As Egyptian oil fields matured, the industry shifted focus from discovering new resources to increasing the productivity of existing fields and developing smaller, previously marginal prospects. This shift in focus has resulted in the entry into the Egyptian oil sector of independent oil companies and smaller operators, which 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 over 35 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 an attractive legislative framework, 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 is heavily dependent on its oil and gas industry development with foreign partners, and Sea Dragon does not anticipate any adverse changes to the Concession Agreements governing the NW Gemsa, Shukheir Marine, South Ramadan or South Disouq Concessions and will continue to attempt to expand its asset base in Egypt.

However the financial situation in Egypt, though improving as reflected by ratings upgrades, is still experiencing some delays in payment and political uncertainty. See "*Development of the Business – Three Year History",* "*Risk Factors – Foreign Operations*" and "*Risk Factors – Political and Economic Risks*".

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, EGAS, 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.

General Overview of the Concession Structure in Egypt

The following is a general overview of the concession regime in Egypt applicable to the Corporation.

In Egypt, all petroleum resources are vested in the state, represented by the Egyptian Ministry of Petroleum. Exploration and production rights to specified leases and licenses in Egypt are awarded by the Egyptian government through a variety of competitive bidding processes. Successful bidders for petroleum exploration blocks in Egypt are required to enter into individual production sharing contracts (also referred to as concession agreements) with EGPC, EGAS or Ganope, as applicable, with respect to a specified area. Oil and gas concessions are granted in the form of a law and accordingly, each agreement is considered to be an individual Act of Parliament and therefore, requires its approval.

The Concession Agreement

The terms of the concession agreements vary by agreement, but each agreement sets forth minimum work commitments. The agreement obligates the concession holder to carry out an exploration and development program over a specific time period and to spend a minimum amount of money to fulfill work obligations and develop any economic discoveries within the applicable concession area. The concession agreement will also set forth the various bonuses that the contractor may be required to pay to EGPC, EGAS, Ganope or the Egyptian Government, as applicable, upon the achievement of specified production milestones. The concession holder is required to obtain the written consent of EGPC, EGAS or Ganope, as applicable, and the Egyptian Ministry of Petroleum to any assignment of rights, duties or obligations under the concession agreement.

The contractor’s share of all taxes and royalties are paid out of the government’s share of production.

Exploration Phase

Under the concession agreement, the contractor has the right to carry out exploration activities in the relevant area for an initial exploration phase of generally two to five years. Generally, the contractor may have the right to extend the exploration phase on two further occasions for additional terms of one to three years each. If no commercial discovery is made by the end of the exploration phase then the concession agreement will terminate. The applicable concession agreement sets forth the minimum exploration program and the minimum financial commitments to be invested by the contractor during each period of the exploration phase.

During the exploration phase, the contractor bears all risks until, in respect of each well, the formation of the operating company following a commercial discovery, at which point the contractor is entitled to recover its costs related to its exploration and development activities in accordance with certain cost recovery provisions included in the concession agreement.

Subject to the granting of any extensions, at the end of certain periods of the exploration phase, the contractor may be required to relinquish a certain amount of area under the concession. At the end of the final exploration period, the contractor is required to relinquish the remaining area, except for those parts where a commercial discovery has been made. The contractor may voluntarily relinquish exploration areas at any time before the end of the final exploration period.

Development Leases

Upon a commercial discovery, if EGPC, EGAS or Ganope, as applicable, and the contractor agree to develop the relevant area and they agree upon the extent of the area, such area is then, subject to the approval of the Egyptian Ministry of Petroleum, automatically converted to a development lease. The terms of the development lease are set out in the concession agreement. The term of any development lease is generally 15 to 20 years and the development lease may be extended optionally, generally in five year increments, pursuant to the concession agreement, provided that it may not be extended beyond 35 years from the date of commercial discovery. Any further extension requires approval of EGPC, EGAS or Ganope, as applicable, and the Egyptian Ministry of Petroleum. The contractor may continue to explore the areas within the applicable concession that are not subject to the development lease on the exploration terms set out in the concession agreement subject to the relinquishment obligations noted above and provided that the exploration phase is still valid. Upon the establishment of a development lease, EGPC, EGAS or Ganope, as applicable and the contractor agree on a development and production plan. EGPC, EGAS or Ganope, as applicable, and the contractor then endeavour to find markets capable of absorbing the production and, with respect to the local market, EGPC, EGAS or Ganope, as applicable, advise the contractor of the potential outlets for the product. EGPC, EGAS or Ganope, as applicable, and the contractor will also agree on the extent of their respective responsibilities, including the minimum number of further wells required to be drilled by the contractor.

Cost Recovery and Production Allocation

During the exploration phase, the contractor bears all risks and costs until a commercial discovery is made, at which point the contractor is entitled to recover a certain percentage annually of its costs related to its historic and ongoing exploration and development activities in proportion to its interest in the concession agreement. The contractor may recover a certain percentage of current and historical costs incurred in respect of the exploration and development of, and related operations in, the relevant site from a portion of the production produced at such site. A certain percentage of exploration, development and operating costs are recoverable by the contractor party from the total petroleum at a rate set out under the applicable concession agreement (i.e., the cost oil) in proportion to its working interest. EGPC, EGAS or Ganope, as applicable, gradually becomes the owner of all assets that are charged to cost recovery by the contractor. Full title to fixed and movable assets generally passes from the contractor to EGPC, EGAS or Ganope, as applicable, when its total cost has been recovered by the contractor in accordance with the provisions of the relevant concession agreement or at the time of relinquishment of the relevant concession agreement with respect to all assets chargeable to the operations whether recovered or not, whichever occurs earlier.

If, in any period, the recoverable expenditures exceed the amount recoverable from cost oil, the unrecovered portion of the expenditures can generally be carried forward to subsequent periods. Generally, to the extent that the value of all cost oil exceeds the actual recoverable costs and expenditures including any carry forward permitted under the terms of the relevant concession agreement, the value of such excess cost oil shall be paid by the contractor party to EGPC, EGAS or Ganope, as applicable, in accordance with the terms of the relevant concession agreement.

Operating Company

Upon commercial discovery, EGPC, EGAS or Ganope, as applicable, and the contractor are required to form an Egyptian joint operating company responsible for operating the relevant area subject to the development lease. The operating company is established as a private sector Egyptian company that is owned equally by EGPC, EGAS or Ganope, as applicable, and the relevant contractor. Once established, the joint operating company becomes responsible for operating more than one area that is the subject of a development lease between EGPC, EGAS or Ganope, as applicable, and such contractor. The joint operating company is responsible for managing operations, preparing a work program and a budget for future explorations and development of the discovery. If there is more than one contractor that is a shareholder in the joint operating company, each contractor is responsible for its share of the operating costs of the joint operating company, in proportion to its participating interest in the relevant concession agreement. The operating company acts as an agent of the concession parties and is a non-profit entity which cannot own any assets.

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, 2013 and a preparation date of February 24, 2014.

The Report on Reserves Data in the form of Form 51-101F2 and the Report of Management and Directors on Reserves Data and Other Information in the form of Form 51-101F3 are attached as appendixes "A" and "B" respectively, to this Annual Information Form.

Disclosures of Reserves Data

Reserve Report

Ryder Scott Company ("**Ryder Scott**"), an independent petroleum engineering consulting firm located in Houston, Texas, has prepared a reserve report February 24, 2014 with an effective date of December 31, 2013 (the "**Reserve 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 Shukheir Marine 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 Reserve Report was prepared and is presented in accordance with the requirements of NI 51-101.

In preparing the Reserve 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 Reserve Report is based, were obtained from Ryder Scott's non-confidential files.

Evaluation Information Contained in the Reserve Reports

The following tables, based on the Reserve Report 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 Shukheir Marine 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 Report and reflected herein are estimates only and there is no guarantee that the estimated reserves will be recovered. Actual reserves may be greater or less than the estimates provided herein. 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 Reserve 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, 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, 2013"*. All of Sea Dragon's oil and gas properties are located in Egypt.

SUMMARY OF OIL AND GAS RESERVES
AS OF DECEMBER 31, 2013
FORECAST PRICES AND COSTS(1)

	Light & Medium Crude Oil (2)		NGLs		Natural Gas	
Category	**Gross (3) (mbbls)**	**Net (4) (mbbls)**	**Gross (3) (mbbls)**	**Net (4) (mbbls)**	**Gross (3) (mmcf)**	**Net (4) (mmcf)**
Proved Developed Producing						
N W Gemsa	1,343	410	34	11	1,350	427
Shukheir Marine	78	39	-	-	-	-
Proved Developed Non-Producing						
N W Gemsa	29	9	1	0	30	9
Shukheir Marine	-	-	-	-	-	-
Proved Undeveloped						
N W Gemsa	1,037	336	27	9	1,070	359
Shukheir Marine	-	-	-	-	-	-
Total Proved	**2,487**	**794**	**61**	**20**	**2,450**	**795**
Probable						
N W Gemsa	664	141	17	4	669	154
Shukheir Marine						
Total Probable	**664**	**141**	**17**	**4**	**669**	**154**
Proved plus Probable						
N W Gemsa	3,073	896	78	24	3,119	949
Shukheir Marine	78	39	-	-	-	-
Total Proved plus Probable	**3,150**	**935**	**78**	**24**	**3,119**	**949**
Possible						
N W Gemsa	40	7	1	0	34	6
Shukheir Marine						
Total Proved plas Probable plus Possible	**3,190**	**942**	**78**	**24**	**3,153**	**955**

Notes:

(1) The information contained herein has been derived from the Reserve Report.

(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, 2013 FORECAST PRICES AND COSTS (in US$ Millions)[1]

	Before Income Tax [2][4] Discounted at					After Income Tax [3][4] Discounted at				
US$Millions	**0%**	**5%**	**10%**	**15%**	**20%**	**0%**	**5%**	**10%**	**15%**	**20%**
Proved Developed Producing										
NW Gemsa	27.0	23.9	21.5	19.6	18.1	27.0	23.9	21.5	19.6	18.1
Shukheir Marine	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2
Proved Developed Non-Producing										
NW Gemsa	0.7	0.7	0.7	0.6	0.6	0.7	0.7	0.7	0.6	0.6
Shukheir Marine	-	-	-	-	-	-	-	-	-	-
Proved Undeveloped										
NW Gemsa	22.2	16.8	13.2	10.7	8.8	22.2	16.8	13.2	10.7	8.8
Shukheir Marine	-	-	-	-	-	-	-	-	-	-
Total Proved	50.2	41.6	35.6	31.1	27.7	50.2	41.6	35.6	31.1	27.7
Probable										
NW Gemsa	12.5	8.8	6.6	5.1	4.1	12.5	8.8	6.6	5.1	4.1
Shukheir Marine	-	-	-	-	-	-	-	-	-	-
Total Probable	12.5	8.8	6.6	5.1	4.1	12.5	8.8	6.6	5.1	4.1
Proved plus Probable										
NW Gemsa	62.4	50.2	41.9	36.0	31.6	62.4	50.2	41.9	36.0	31.6
Shukheir Marine	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2
Total Proved plus Probable	62.6	50.5	42.1	36.2	31.8	62.6	50.5	42.1	36.2	31.8
Possible										
NW Gemsa	0.8	0.5	0.4	0.3	0.2	0.8	0.5	0.4	0.3	0.2
Shukheir Marine	-	-	-	-	-	-	-	-	-	-
Total Proved plus Probable plus Possible	63.4	51.0	42.5	36.5	32.0	63.4	51.0	42.5	36.5	32.0

Notes:

(1) The information contained herein has been derived from the Reserve Report.

(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 Shukheir Marine Concession Agreements, income tax is assessed on all production sharing oil; therefore all future net revenues are after Egyptian income tax and Before Income Taxes is the same as After Income Taxes.

TOTAL FUTURE NET REVENUES
(UNDISCOUNTED)
AS AT DECEMBER 31, 2013
FORECAST PRICES AND COSTS (in US$ Millions)

NW Gemsa Concession	Proved	Proved Plus Probable	Proved Plus Probable Plus Possible
Revenue	256.0	327.3	331.5
Royalties	175.5	231.4	234.9
Operating Costs	28.7	31.5	31.5
Abandonment Costs	-	-	-
Development Costs	1.9	1.9	1.9
Future Net Revenue Before Income Tax (1)	49.9	62.4	63.2
Income Tax Expense (1)	-	-	-
Future Net Revenue After Income Tax (1)	49.9	62.4	63.2

Shukheir Marine	Proved	Proved Plus Probable	Proved Plus Probable Plus Possible
Revenue	7.9	7.9	7.9
Royalties	3.9	3.9	3.9
Operating Costs	3.8	3.8	3.8
Abandonment Costs	-	-	-
Development Costs	-	-	-
Future Net Revenue Before Income Tax (1)	0.2	0.2	0.2
Income Tax Expense (1)	-	-	-
Future Net Revenue After Income Tax (1)	0.2	0.2	0.2

Aggregate Sea Dragon Properties	Proved	Proved Plus Probable	Proved Plus Probable Plus Possible
Revenue	263.8	335.1	339.4
Royalties	179.3	235.3	238.8
Operating Costs	32.4	35.3	35.3
Abandonment Costs	-	-	-
Development Costs	1.9	1.9	1.9
Future Net Revenue Before Income Tax (1)	50.2	62.6	63.4
Income Tax Expense (1)	-	-	-
Future Net Revenue After Income Tax (1)	50.2	62.6	63.4

Note:

(1) Under the terms of the NW Gemsa and Shukheir Marine Concession Agreements income tax is assessed on all production sharing oil; therefore all future net revenues are after Egyptian income tax.

FUTURE NET REVENUE BY PRODUCTION GROUP
AS AT DECEMBER 31, 2013
FORECAST PRICES AND COSTS (IN US$ MILLIONS)[1]

FUTURE NET REVENUE (BEFORE INCOME TAX)
DISCOUNTED AT 10%

RESERVE CATEGORY	Oil [3]	Natural Gas and NGL's	Total	Unit Value (US$/boe) [4]
Proved				
NW Gemsa	34.2	1.2	35.4	39.00
Shukheir Marine	0.2	-	0.2	5.21
Total Proved	34.4	1.2	35.6	37.60
Probable				
NW Gemsa	6.4	0.2	6.6	38.42
Shukheir Marine	-	-	-	-
Total Probable	6.4	0.2	6.6	38.42
Proved plus Probable				
NW Gemsa	40.6	1.4	41.9	38.91
Shukheir Marine	0.2	-	0.2	5.21
Total Proved plus Probable	40.8	1.4	42.1	37.73
Possible				
NW Gemsa	0.4	-	0.4	45.42
Shukheir Marine	-	-	-	-
Total Proved plus Probable plus Possible	**41.2**	**1.4**	**42.5**	**37.79**

Notes:

(1) The information contained herein has been derived from the Reserve Report.

(2) Under the terms of the NW Gemsa and Shukheir Marine 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. Light and medium oil includes solution gas and other by-products.

(4) The US$/boe values are based on the net reserves volumes.

Pricing Assumptions - Forecast Prices and Costs

The forecast cost and price assumptions assume changes in wellhead selling prices and take into account inflation with respect to future operating and capital costs. Ryder Scott has employed the following prices, exchange rates and inflation rate assumptions as of December 31, 2013 in estimating Sea Dragon's reserves data using forecast prices and costs.

RYDER SCOTT Benchmark Price Calendar Year	Brent Reference Price (US$/Bbl)	Inflation Rates (1) % Year	NW Gemsa Al Amir/Geyad Price (US$/bbl)	NW Gemsa NGL Price (US$/Bbl)	NW Gemsa Gas Price (US$/Mcf)	Shukheir Marine Oil Gamma (US$/bbl)	Shukheir Marine Oil Shukheir Bay (US$/bbl)
2014	110.00	1.5	105.39	77.09	1.37	101.20	101.20
2015	106.00	1.5	101.55	73.82	1.37	97.40	97.40
2016	104.00	1.5	99.63	72.18	1.37	95.51	95.51
2017	106.00	2.0	101.55	73.82	1.37	97.40	97.40
2018	103.00	2.0	98.67	71.36	1.37	94.56	94.56
2019	104.87	2.0	100.47	72.89	1.37	96.33	96.33
2020	106.97	2.0	102.48	74.61	1.37	98.32	98.32
2021	109.11	2.0	104.53	76.36	1.37	100.35	100.35
2022	111.29	2.0	106.63	78.15	1.37	102.42	102.42
2023	113.52	2.0	108.76	79.97	1.37	104.54	104.54
2024+	> Further Escalation						

Notes:

(1) Inflation rates for forecasting expenditure prices and costs.
(2) Oil and Propane and Butane (NGL) differential individually determined by crossplot of actual price received versus Brent market price.
(3) Oil price is adjusted from Brent based on differential to reflect actual price received.
(4) Price for Pentane+ is estimated to be equal to oil price.
(5) NGL price is adjusted from Brent based on differential to reflect actual price received.
(6) Price for sales gas at NW Gemsa Concession is estimated at $1.00/mscf for profit gas and $1.60/mscf for cost gas per contract.
(7) The effective average gas price at NW Gemsa Concession is $1.37/mscf.
(8) Gas production is currently not conserved in Shukheir Marine Concession and no gas reserves are included for this concession in the Reserve Report.
(9) The weighted average historical price in US dollars realized by the Corporation in Egypt, for the year ended December 31, 2013 for crude oil was US$103.21/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, 2013 against such reserves as at December 31, 2012 based upon forecast price and costs assumptions.

RECONCILIATION OF GROSS RESERVES[(1)]
AS AT DECEMBER 31, 2013
FORECAST PRICES AND COSTS

	Light and Medium Oil			Natural Gas			Natural Gas Liquids			BOE		
	Proved (mbbl)	Probable (mbbl)	Proved Plus Probable (mbbl)	Proved (mmcf)	Probable (mmcf)	Proved Plus Probable (mmcf)	Proved (mbbl)	Probable (mbbl)	Proved Plus Probable (mbbl)	Proved (mbbl)	Probable (mbbl)	Proved Plus Probable (mbbl)
December 31, 2012												
NW Gemsa	2,640	1,405	4,045	2,532	1,365	3,897	172	92	264	3,234	1,725	4,959
Shukheir Marine	180	117	297	-	-	-	-	-	-	180	117	297
Kom Ombo	378	910	1,288	-	-	-	-	-	-	378	910	1,288
	3,198	**2,432**	**5,630**	**2,532**	**1,365**	**3,897**	**172**	**92**	**264**	**3,792**	**2,752**	**6,544**
Discoveries												
NW Gemsa	-	-	-	-	-	-	-	-	-	-	-	-
Shukheir Marine	-	-	-	-	-	-	-	-	-	-	-	-
Kom Ombo	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-
Extensions												
NW Gemsa	-	-	-	-	-	-	-	-	-	-	-	-
Shukheir Marine	-	-	-	-	-	-	-	-	-	-	-	-
Kom Ombo	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-
Improved Recovery												
NW Gemsa	-	-	-	-	-	-	-	-	-	-	-	-
Shukheir Marine	-	-	-	-	-	-	-	-	-	-	-	-
Kom Ombo	-	-	-	-	-	-	-	-	-	-	-	-
Technical Revisions												
NW Gemsa	53	(599)	(546)	139	(536)	(397)	(105)	(71)	(176)	(29)	(759)	(788)
Shukheir Marine	11	(117)	(106)	-	-	-	-	-	-	11	(117)	(106)
Kom Ombo	-	-	-	-	-	-	-	-	-	-	-	-
	64	(716)	(652)	139	(536)	(397)	(105)	(71)	(176)	(18)	(876)	(894)
Infill Drilling												
NW Gemsa	-	-	-	-	-	-	-	-	-	-	-	-
Shukheir Marine	-	-	-	-	-	-	-	-	-	-	-	-
Kom Ombo	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-
Acquisitions												
NW Gemsa	-	-	-	-	-	-	-	-	-	-	-	-
Shukheir Marine	-	-	-	-	-	-	-	-	-	-	-	-
Kom Ombo	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-
Dispositions												
NW Gemsa	-	-	-	-	-	-	-	-	-	-	-	-
Shukheir Marine	-	-	-	-	-	-	-	-	-	-	-	-
Kom Ombo	(378)	(910)	(1,288)	-	-	-	-	-	-	(378)	(910)	(1,288)
	(378)	(910)	(1,288)	-	-	-	-	-	-	(378)	(910)	(1,288)
Economic Factors												
NW Gemsa	95	(142)	(47)	107	(159)	(52)	3	(4)	(1)	116	(173)	(57)
Shukheir Marine	39	-	39	-	-	-	-	-	-	39	-	39
Kom Ombo	-	-	-	-	-	-	-	-	-	-	-	-
	134	(142)	(8)	107	(159)	(52)	3	(4)	(1)	155	(173)	(18)
Production												
NW Gemsa	(379)	-	(379)	(329)	-	(329)	(9)	-	(9)	(443)	-	(443)
Shukheir Marine	(152)	-	(152)	-	-	-	-	-	-	(152)	-	(152)
Kom Ombo	-	-	-	-	-	-	-	-	-	-	-	-
	(531)	-	(531)	(329)	-	(329)	(9)	-	(9)	(595)	-	(595)
December 31, 2013												
NW Gemsa	2,409	664	3,073	2,449	670	3,119	61	17	78	2,878	793	3,671
Shukheir Marine	78	-	78	-	-	-	-	-	-	78	-	78
Kom Ombo	-	-	-	-	-	-	-	-	-	-	-	-
	2,487	**664**	**3,151**	**2,449**	**670**	**3,119**	**61**	**17**	**78**	**2,956**	**793**	**3,749**

Notes:

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

Additional Information Relating to Reserves Data

Undeveloped Reserves

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

UNDEVELOPED GROSS RESERVES FIRST ATTRIBUTED[1]

	Light and Medium Oil Company Gross (mbbl)	Associated and Non-Associated Gas Company Grosss (mmcf)	Natural Gas Liquids Company Gross (mbbl)
Proved Undeveloped			
2013	212.7	219	5.5
2012	-	-	-
2011	584.8	99	6.7
Prior thereto	239.5	752	14.4
Probable Undeveloped			
2013	256.7	265	6.6
2012	-	-	-
2011	37.7	111	2.8
Prior thereto	71.1	-	-
Possible Undeveloped			
2013	-	-	-
2012	-	-	-
2011	-	-	-
Prior thereto	-	-	-

Note:
(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 NW Gemsa the capital program associated with the proved undeveloped reserves includes the drilling of 3 wells in 2014. There are no proved undeveloped reserves associated with Shukheir Marine.

Probable Undeveloped Reserves

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

In Shukheir Marine there are no probable undeveloped reserves.

Significant Factors and Uncertainties

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

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

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 Reserve Report. The development costs were based on budget data and development plans provided by the Corporation and were not independently verified by Ryder Scott.

FUTURE DEVELOPMENT COSTS
(UNDISCOUNTED)
AS AT DECEMBER 31, 2013
(in US$ Millions)

	Proved Reserves			Proved Plus Probable Reserves		
YEAR	**NW Gemsa Concession**	**Shukheir Marine Concession**	**Total**	**NW Gemsa Concession**	**Shukheir Marine Concession**	**Total**
2014	1.89	-	1.89	1.89	-	1.89
2015	-	-	-	-	-	-
2016	-	-	-	-	-	-
2017	-	-	-	-	-	-
Remaining	-	-	-	-	-	-
Total	1.89	-	1.89	1.89	-	1.89

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 10% participating interest in the NW Gemsa Concession. See "*Principal Properties – NW Gemsa Concession*".

Shukheir Marine Concession

The Corporation has a 100% participating interest in the Shukheir Marine Concession. See "*Principal Properties – Shukheir Marine Concession*".

South Ramadan Concession

The Corporation has a 12.75% participating interest in the South Ramadan Concession. See "*Principal Properties – South Ramadan Concession*". No reserves have been attributed to this concession.

South Disouq Concession

The Corporation has a 100% participating interest in the South Disouq Concession. See "*Principal Properties – South Disouq Concession*". No reserves have been attributed to this 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, 2013. All of the Corporation's wells are located onshore.

	Oil				Gas			
Location	**Producing**		**Non-Producing (3)**		**Producing**		**Non-Producing**	
	Gross(1)	**Net(2)**	**Gross(1)**	**Net(2)**	**Gross(1)**	**Net(2)**	**Gross(1)**	**Net(2)**
NW Gemsa	16	1.6	4	0.4	-	-	-	-
Shukheir Marine	3	3	7	7	-	-	-	-
Total	19	4.6	11	7.4	-	-	-	-

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.
(3) Non-Producing well count does not include water injectors.

The NW Gemsa concession has four wells (AASE-11, AASE-15ST2, AASE-18 and Geyad-2) which are non-producing and are suspended for workover program and reservoir management purposes. The wells have been shut-in for less than one year.

The Shukheir Marine concession has seven wells which are shut-in due to either being watered out or poor testing results, each of which have been shut in for several years.

Properties with No Attributable Reserves

Neither the South Ramadan Concession nor the South Disouq Concession have any attributed reserves as at December 31, 2013. There is a $2.9 million work commitment net to the Corporation for South Ramadan, consisting of its share in drilling one well and upgrading the facilities during the 10-year concession extension. EGPC may require the Corporation to issue a bank guarantee to secure its commitment.

There is a $9 million work commitment net to the Corporation for South Disouq, consisting of its share in seismic studies and drilling one well during the first 3-year exploration period. EGAS may require the Corporation to issue a bank guarantee to secure its commitment. The Corporation has issued a combination of a $3 million bank guarantee and a $6 million production guarantee to secure its obligations. These guarantees may be reduced or replaced by a joint venture partner upon farmout of the concession.

Significant Factors or Uncertainties Relevant to Properties with No Attributable Reserves

The significant uncertainties in respect of the South Ramadan and South Disouq Concessions include: the presence of commercial recoverable hydrocarbons, the deliverability of hydrocarbons discovered and the type and quality of hydrocarbons present. The Company does not anticipate any unusually high development costs or operating costs, the need to build a major pipeline or other major facility before production of reserves can begin, or contractual obligations to produce and sell a significant portion of production at prices substantially below those which could be realized but for those contractual obligations.

Forward Contracts

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

Additional Information Concerning Abandonment and Reclamation Costs

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

Tax Horizon

In 2013, 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, 2013.

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

	Property Acquisition Costs		Exploration Costs	Development Costs
	Proved	Unproved		
N W Gemsa	-	-	0.2	4.9
Shukheir Marine	-	-	-	1.8
Kom Ombo	-	-	-	0.5
South Ramadan	0.6	-		-
Total	**0.6**	-	**0.2**	**7.2**

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, 2013. Current exploration and development activities are focused on the NW Gemsa Concessions in Egypt, and no wells were completed by the Corporation on the Shukheir Marine Concession, South Ramadan Concession or the South Disouq Concession during the year ended December 31, 2013.

	Year Ended December 31, 2013			
	Exploratory		**Development**	
	Gross [(1)]	**Net [(2)]**	**Gross [(1)]**	**Net [(2)]**
Crude Oil	0	0	5	0.5
Natural Gas	0	0	0	0
Service Well [(3)]	0	0	1	0.1
Dry / Abandoned	1	0.1	0	0
Total	1	0.1	6	0.6

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 2014 by product type associated with the future net revenue estimates reported in the Reserve Report.

Area	**Light and Medium Oil (bbl/d)**	**Heavy Oil (bbl/d)**	**Natural Gas (mcf/d)**	**Natural Gas Liquids (bbl/d)**
NW Gemsa				
Proved	1,008	-	1,036	26
Probable	38	-	41	1
	1,047	-	1,077	27
Shukheir Marine				
Proved	213	-	-	-
Probable	-	-	-	-
	213	-	-	-
Total Proved plus Probable	1,259	-	1,077	27

Production History

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

	Quarter Ended 2013			
Item	**December 31**	**September 30**	**June 30**	**March 31**
Oil Sales (bbl/d)	1,570	1,727	1,716	1,495
Gas Sales (mcf/d)	1,110	1,117	1,058	-
NGL Sales (bbl/d)	24	25	24	-
Total boe/d	1,779	1,938	1,916	1,495
Realized oil price ($/bbl)	104.26	105.10	97.64	106.28
Realized gas price (S/mcf)	1.00	1.00	1.00	-
Realized NGL price ($/bbl)	75.18	77.35	71.30	-
Net realized price ($/boe)	93.65	95.23	88.88	106.28
Royalties ($/bbl)	51.86	49.52	45.88	54.76
Operating costs ($/bbl)	14.31	12.30	13.76	12.11
Netback per barrel [1]	27.49	33.41	29.24	39.41

Note:

(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, 2013, 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 currently 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 presently solely 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 the past three year's events in Egypt, as discussed below, and across Northern Africa and the Middle East have resulted in increased political instability and deterioration in Egypt's financial conditions, as reflected by ratings downgrades. While this has not disrupted operations, 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, as a result of current political and economic conditions in Egypt, governmental consents for permits to drill, to extend the life of certain concessions or to ratify newly awarded concessions may be delayed and the impact on Sea Dragon's future results of operations cannot be accurately predicted.

The demonstrations and other events in Egypt have been largely confined to Egypt's major city centers and have 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. However, as a result of these events, the financial situation in Egypt has deteriorated, as reflected by ratings downgrades, reduced foreign currency reserves and some delays in USD denominated payments. 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.

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. 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, Shukheir Marine, South Ramadan and South Disouq 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.

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.

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 certain of the assets in which Sea Dragon currently has a participating interest. As a result, Sea Dragon is dependent 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 effect 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 Untied States-based and foreign companies doing business in Egypt. The Corporation faces intense competition from independent, technology-driven companies as well as from both major and other independent oil and gas companies in seeking oil and gas exploration licences and production licences in Egypt and acquiring desirable producing properties or new leases for future exploration. The Corporation also faces competition in marketing oil and natural gas production, acquiring exploration leases, hiring skilled industry personnel and acquiring the equipment and expertise necessary to develop and operate properties.

Regulatory

Oil and natural gas operations (exploration, production, marketing and transportation) are subject to extensive controls and regulations imposed by various levels of government, which may be amended from time to time. Governments may regulate or intervene with respect to price, taxes, royalties and the exportation of oil and natural gas. Such regulations may be changed from time to time in response to economic or political conditions. The implementation of new regulations or the modification of existing regulations affecting the oil and natural gas industry could reduce demand for natural gas and crude oil and increase Sea Dragon's costs, any of which may have a material adverse effect on Sea Dragon's intended business, financial condition and results of operations. In order to conduct oil and gas operations, Sea Dragon will require licenses from various governmental authorities. There can be no assurance that Sea Dragon will be able to obtain all of the licenses and permits that may be required to conduct operations that it may wish to undertake. 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 and the Shukheir Marine Concession is sold to EGPC. The Corporation would be materially affected should EGPC be unable or unwilling to pay for the crude oil that it had acquired from Sea Dragon. The Corporation's cash flow and earnings could also be affected if EGPC delays in paying the amounts it owes to the Corporation beyond normal commercial periods.

Variations in Foreign Exchange Rates and Interest Rates

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, the British Pound Sterling and the United States dollar. However, the majority of capital expenditures are incurred in United States dollars and Egyptian pounds while oil revenues are received in United States dollars and Egyptian pounds. The Corporation seeks to match its Egyptian pounds collection and expense rates thereby reducing its exposure to foreign exchange risk.

Due to the closure of the Corporation's office in Calgary the extent to which it is exposed to fluctuations in the value of the Canadian dollar has substantially diminished. The Corporation is a TSX-V listed entity and Canadian domiciled and still has Canadian dollar expenses although the volume has decreased. With the opening of an administrative and head office in London the Corporation is now exposed to exchange fluctuations between the British Pound Sterling and United States dollar. Material fluctuations in the Great British pound may impact Sea Dragon's cash flow from operations.

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.

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 Personnel 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 has 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 Report and such variations could be material. The Reserve Report is 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 Report will be reduced to the extent that such activities do not achieve the level of success assumed in such reports. The Reserve Report is 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

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.

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 10% owner in the NW Gemsa Concession together with Vegas Oil & Gas S.A. (a 50% owner and operator) and Circle Oil PLC (a 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 12.75% owner in the South Ramadan Concession together with GPC (a 50% owner and operator), Pico (a 24.5% owner) and Greystone (a 12.75% owner). The terms of the relationship among Sea Dragon and its joint venture partners are governed by a management committee.

Future Sales of Common Shares by the Corporation

The Corporation may issue additional Common Shares in the future 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 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. 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 ducted for the purposes of calculating taxable income. Sea Dragon will file all required income tax returns and believes that it will be in full compliance with the provisions of the Income Tax Act (Canada) and all applicable provincial tax legislation. However, such returns are subject to reassessment by the applicable taxation authority. In the event of a successful reassessment of the Corporation, whether by re-characterization of costs or otherwise, such reassessment may have an impact on current and future taxes payable.

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

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 20,000,000 stock options issued and outstanding.

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.

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:

Period	High ($)	Low ($)	Volume
2013			
January	0.07	0.06	7,564,477
February	0.07	0.06	9,217,371
March	0.08	0.06	13,491,537
April	0.10	0.07	15,233,982
May	0.10	0.09	4,609,903
June	0.10	0.09	6,074,094
July	0.11	0.08	11,188,325
August	0.11	0.09	7,583,313
September	0.09	0.07	5,764,340
October	0.08	0.07	3,511,538
November	0.08	0.06	3,947,278
December	0.08	0.07	29,889,742
2014			
January	0.09	0.08	5,201,087
February	0.09	0.08	3,456,134
March	0.09	0.07	4,556,106
April 1 - 28	0.08	0.07	5,567,833

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, 2013.

Type of Securities	Date Issued	Number of Securities Issued	Issue Price
Stock Options	October 11, 2013	4,400,000	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

The Corporation is not aware of any securities being held in escrow as at December 31, 2013.

DIRECTORS AND OFFICERS

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

Name and Municipality of Residence	Position(s) with the Corporation	Director Since	Principal Occupation in the Last Five (5) Years
Paul Welch London, U.K.	President, Chief Executive Officer and Director	September 12, 2013	President and Chief Executive Officer of Sea Dragon from April 15, 2013 to present; Chief Executive Officer of Chariot Oil and Gas from October 2009 to December 2012; Regional Manager of Pioneer Natural Resources from February 2004 to May 2009.
Said S. Arrata Calgary, Alberta	Executive Chairman and Director	June 17, 2008	Executive Chairman of Sea Dragon from July 2009 to present; Chief Executive Officer of Sea Dragon from July 2009 to April 15, 2013; 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.
Olivier Serra Paris, France	Chief Financial Officer and Director	June 28, 2011	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	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 Rothesay Resources Ltd, a private energy company; President of Steen River Oil & Gas Ltd., a private energy company, from December 2011 - December 2010; President of Bow Valley Energy Inc. (TSX:BVX) from February 2002 to April 2009; Prior thereto President of Courage Energy Inc.
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.

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, 20,957,889 Common Shares or approximately 5.57% 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

To the knowledge of the Corporation, no director or executive officer of the Corporation (nor any personal holding company of any of such persons) is, as of the Effective Date, or was within ten years before the Effective Date, a director, chief executive officer or chief financial officer of any company (including the Corporation), that: (a) was subject to a cease trade order (including a management cease trade order), an order similar to a cease trade order or an order that denied the relevant company access to any exemption under securities legislation, in each case that was in effect for a period of more than 30 consecutive days (collectively, an "**Order**"), that was issued while the director or executive officer was acting in the capacity as director, chief executive officer or chief financial officer; or (b) was subject to an Order that was issued after the director or executive officer ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer.

Bankruptcies

Other than as disclosed below, to the knowledge of the Corporation, no director or executive officer of the Corporation (nor any personal holding company of any of such persons), or shareholder holding a sufficient number of securities of the Corporation to affect materially the control of the Corporation: (a) is, as of the Effective Date, or has been within the ten years before the Effective Date, a director or executive officer of any company (including the Corporation) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, 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 its assets; or (b) has, within the ten years before the Effective Date, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become 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 the director, executive officer or shareholder.

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.

Penalties or Sanctions

To the knowledge of the Corporation, no director or executive officer of the Corporation (nor any personal holding company of any of such persons), or shareholder holding a sufficient number of securities of the Corporation to affect materially the control of the Corporation, has been subject to: (a) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or (b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

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

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, 2013, nor are there any such proceedings known to be contemplated.

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, 2013, 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, 2013.

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.

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.

To the Corporation's knowledge, no registered or beneficial interests, direct or indirect, in any securities or other property of the Corporation or of one of the Corporation's associates or affiliates: (i) were held by Ryder Scott or by its "designated professionals" (as defined in Form 51-102F2) when Ryder Scott prepared the Reserve Report; (ii) were received by Ryder Scott or its designated professionals after Ryder Scott prepared the Reserve Report; or (iii) is to be received by Ryder Scott or its designated professionals.

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. 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*.

2. Concession Agreement for Petroleum Exploration and Exploitation dated August 28, 1973, between the Government of Egypt, EGPC and Transworld Petroleum Corporation with respect to the Shukheir Marine Concession, and as assigned to NPC SHM pursuant to a deed of assignment dated April 20, 2010 and as extended for an additional five year term pursuant to a letter agreement dated May 19, 2010. See "*General Development of the Business – Three Year History – Shukheir Marine Acquisition*".

3. Concession Agreement for Petroleum Exploration and Exploitation dated September 21, 1981, between The Arab Republic of Egypt and the Egyptian General Petroleum Corporation and Total Proche Orient S.A. in the South Ramadan Area, Offshore Gulf of Suez, Arab Republic of Egypt. *See "General Development of the Business – Three Year History – South Ramadan Acquisition".*

4. Concession Agreement for Petroleum Exploration and Exploitation between The Arab Republic of Egypt and the Egyptian Natural Gas Holding Company and Sea Dragon Energy Inc. in the South Disouq Area, Nile Delta, Arab Republic of Egypt. The agreement was ratified by the Egyptian government on March 19, 2014. *See "General Development of the Business – Three Year History – South Disouq 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 in England and Wales.

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. We have evaluated the Company's reserves data as at December 31, 2013. The reserves data are estimates of proved reserves, probable reserves and possible reserves and related future net revenue as at December 31, 2013, 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, 2013 and identifies the respective portions thereof that we have audited, evaluated and reviewed and reported on to the Company's board of directors:

			Net Present Value of Future Net Revenue (before income taxes, 10% discount rate) (USD 000's)			
Independent Qualified Reserves Evaluator	**Description and Preparation Date of Evaluation Report**	**Location of Reserves (Country or Foreign Geographic Area)**	**Audited**	**Evaluated**	**Reviewed**	**Total**
Ryder Scott Company	Estimate of Reserves and Future Income Report Prepared February 24, 2014	Egypt	$0	$42,137	$0	$42,137

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 24th day of February, 2014

Signed "Jennifer Fitzgerald"
Jennifer Fitzgerald, P.Eng.
Vice President

APPENDIX B
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, probable reserves and possible reserves and related future net revenue as at December 31, 2013, estimated using forecast prices and costs.

An independent qualified reserves evaluator has evaluated the Company's reserves data. The report of the independent qualified reserves evaluator 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 evaluator;

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

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

The 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) *"Paul Welch"*
Paul Welch
President and Chief Executive Officer

(signed) *"Olivier Serra"*
Olivier Serra
Chief Financial Officer

(signed) *"Ken Fitzgerald"*
Ken Fitzgerald
Director

(signed) *"Rob Moffat"*
Rob Moffat
Director

April 30, 2014