SEAWAY ENERGY SERVICES INC.

NOTICE OF

ANNUAL GENERAL AND SPECIAL MEETING OF COMMON SHAREHOLDERS

TO BE HELD ON FEBRUARY 2, 2012

and

MANAGEMENT INFORMATION CIRCULAR

THIS NOTICE OF MEETING AND MANAGEMENT INFORMATION CIRCULAR IS FURNISHED IN CONNECTION WITH THE SOLICITATION BY THE MANAGEMENT OF SEAWAY ENERGY SERVICES INC. OF PROXIES TO BE VOTED AT THE ANNUAL GENERAL AND SPECIAL MEETING OF SHAREHOLDERS OF SEAWAY ENERGY SERVICES INC. TO BE HELD ON THURSDAY, FEBRUARY 2, 2012.

TO BE HELD AT:

The Offices of Davis LLP

10th Floor, Livingston Place, West Tower
250 - 2nd Street SW
Calgary, Alberta

T2P 0C1

At 10:00 a.m.

Dated: January 6, 2012

This document requires your immediate attention. If you are in doubt as to how to deal with it, you should consult your investment dealer, broker, bank manager or other professional advisor.

January 6, 2012

To the Shareholders of Seaway Energy Services Inc.:

On behalf of the Board of Directors (the "**Board**") of Seaway Energy Services Inc. (the "**Company**"), we would like to invite you to the annual general and special meeting of the holders (the "**Shareholders**") of common shares (the "**Common Shares**") in the capital of the Company to be held at the offices of Davis LLP at Suite 1000, 250 - 2nd Street S.W., Calgary, Alberta T2P 0C1 on Thursday, February 2, 2012 at 10:00 a.m. (Calgary time) (the "**Meeting**").

In addition to the annual general business, you will be asked to consider and to vote upon a special resolution which would enable the Company to proceed with a going private transaction (the "**Going Private Transaction**") proposed by Jerry J. Budziak, President, Chief Executive Officer and a director, David A. Burroughs, a director, and Elias Foscolos, a director, pursuant to the terms and conditions of a support agreement dated January 6, 2012 (the "**Support Agreement**", among the Company and Messrs. Budziak, Burroughs and Elias Foscolos, who together with their associates, affiliates and joint actors (all of whom are listed in Schedule "E" to the Circular and are referred to herein as the "**Majority Shareholders**") collectively control, directly or indirectly, an aggregate of 11,698,000 Common Shares or approximately 40.5% of the total issued and outstanding Common Shares. A copy of the Support Agreement is attached as **Schedule "G**" to the Circular.

The Support Agreement provides that the Going Private Transaction is to be carried out by way of the redemption of all Common Shares held by those Shareholders other than the Majority Shareholders (the "**Redemption**"), the end result being that subsequent to the Redemption, by exclusion, the only remaining Shareholders of the Company will be the Majority Shareholders. The Company will then proceed to apply to delist its Common Shares from the TSX Venture Exchange ("**TSX-V**") and apply to cease to be a reporting issuer in those jurisdictions in which it currently holds such status.

Any Shareholder participating in the Redemption will be entitled to receive a cash payment of Cdn.$0.040 for each Common Share so redeemed. The cash payment for each redeemed Common Share represents a premium of approximately 20% over $0.0332 per share 30-day volume weighted average price of the Common Shares on the TSX-V on January 5, 2012, the last trading day prior to the announcement of the Support Agreement.

In order to complete the Going Private Transaction as contemplated in the Support Agreement, the Company is required to complete certain pre-Redemption steps, including amending the Company's Articles (the "**Pre-Redemption Amendment**") to permit the Redemption. Shareholders entitled to vote at the Meeting are being asked to approve a special resolution authorizing the Pre-Redemption Amendment (the "**Pre-Redemption Amendment Resolution**") that must be passed by: (a) at least two-thirds of the votes cast by Shareholders present in person or represented by proxy at the Meeting; and (b) for the purposes of TSX-V Policy 5.9 and Multilateral Instrument 61-101 *Protection of Minority Shareholders in Special Transactions*, a majority of the votes cast by all Shareholders, other than the Majority Shareholders, their associates and affiliates, and all persons acting jointly or in concert with them (collectively, the "**Minority Shareholders**"), present in person or represented by proxy at the Meeting.

The Board has determined, on the recommendation of the Special Committee (as defined below) that the Going Private Transaction is in the best interests of the Company and that the consideration to be received by the Minority Shareholders pursuant to the Going Private Transaction is fair, from a financial point of view, to Minority Shareholders and is unanimously recommending that all Shareholders vote in favour of the Pre-Redemption Amendment Resolution. Accompanying this letter, among other things, are a notice of meeting, Instrument of Proxy and a management information circular of the Company for the Meeting (the "**Circular**") containing important information relating to the Going Private Transaction, including the reasons why the Board is recommending that you vote FOR the Pre-Redemption Amendment Resolution relating to the Going Private Transaction. A special committee (the "**Special Committee**") composed of the sole independent director of the Company was constituted and has recommended that the Board approve the Going Private Transaction based, in part, upon a fairness opinion (the "**Fairness Opinion**") and a formal valuation (the "**Probity Capital Valuation**"), each of which were provided by Probity Capital Advisors Inc. ("**Probity Capital**"), the independent financial

advisor to the Special Committee. The Probity Capital Valuation opined as to the fair market value of the Common Shares as of October 31, 2011, and in the Fairness Opinion opined as to the fairness of the consideration to be received by the Minority Shareholders pursuant to the Redemption, from a financial point of view, to the Minority Shareholders, as of January 6, 2012. Copies of the Fairness Opinion and the Probity Capital Valuation are attached as **Schedule "B"** and **Schedule "F"**, respectively, to the Circular.

Shareholders are urged to read the Circular carefully and in its entirety. If you are in doubt as to how to deal with the matters described in these materials, you should consult your legal, tax, financial or professional advisors.

You will also find accompanying the Circular a letter of transmittal which provides information concerning the procedure you must follow in order to receive your cash entitlement if the Redemption is completed. You may request copies of the Company's annual and/or interim financial statements and management's discussion and analysis related thereto by contacting Michael Holub, Chief Financial Officer, at Suite 1250, 700 - 4th Avenue S.W., Calgary, Alberta T2P 3J4, (403) 235-4486, or you may access such documents on the Canadian System for Electronic Document Analysis and Retrieval (SEDAR) website at www.sedar.com.

You are invited to attend the Meeting. However, if you are unable to attend, we would appreciate your signing and returning the accompanying Instrument of Proxy so that your vote is recorded. In the meantime, if you have any questions, please contact Michal Holub, Chief Financial Officer of the Company at (403) 235-4486.

Sincerely,

(signed) *"Michael Windle"*
Chair of the Special Committee

SEAWAY ENERGY SERVICES INC.

NOTICE OF ANNUAL GENERAL AND SPECIAL MEETING OF COMMON SHAREHOLDERS

TAKE NOTICE that the annual general and special meeting (the "**Meeting**") of the holders (the "**Shareholders**") of common shares (the "**Common Shares**") in the capital of Seaway Energy Services Inc. (the "**Company**") will be held the offices of Davis LLP at Suite 1000, 250 - 2nd Street S.W., Calgary, Alberta T2P 0C1 on Thursday, February 2, 2012 at 10:00 a.m. (Calgary time) for the following purposes:

1. to receive and consider the audited financial statements of the Company for the financial year ended September 30, 2010 and the report of the auditor thereon;

2. to fix the number of directors to be elected at the Meeting at four (4);

3. to elect Jerry J. Budziak, David A. Burroughs, Michael Windle and Elias Foscolos as the directors of the Company for the ensuing year;

4. to appoint Buchanan Barry LLP, Chartered Accountants, as the auditors of Company for the ensuing year and to authorize the directors of the Company determine the remuneration to be paid to the auditors;

5. to consider, and if thought fit, approve the ordinary resolution, as more particularly set forth in the accompanying Management Information Circular prepared for the purpose of the Meeting, relating to the approval of the stock option plan of the Company;

6. to consider and, if thought fit, pass, with or without variation, a special resolution (the "**Pre-Redemption Amendment Resolution**") authorizing an amendment to the Company's articles of amalgamation (the "**Articles**") to add a redemption provision to the Common Shares to provide the Company the right to redeem, without prior notice, at any time prior to March 1, 2012 or such later date as the board of directors may determine or ratify, all of its Common Shares held by the Minority Shareholders (as defined in the Circular) at a redemption price of Cdn.$0.040 per Common Share, all as more particularly described in the accompanying management information circular (the "**Circular**") of the Company dated January 6, 2012; and

7. to transact such other business as may properly come before the Meeting or any adjournments or postponements thereof.

In addition, the Pre-Redemption Amendment Resolution requires the majority approval of the Shareholders (after excluding the Common Shares beneficially owned or over which control or direction is exercised by such person whose votes may not be included in determining minority approval pursuant to Multilateral Instrument 61-101 *Protection of Minority Securityholders in Special Transactions*). Additional information relating to the Pre-Redemption Amendment Resolution and the proposed Going Private Transaction to which the approval of the Pre-Redemption Amendment Resolution is a pre-requisite is set forth in the Circular. A copy of the text of the Pre-Redemption Amendment Resolution is set out in **Schedule "A"** of the Circular.

The board of directors of the Company (the "**Board**") has by resolution fixed the close of business on December 28, 2011 as the record date for the determination of those Shareholders (the "**Registered Shareholders**") entitled to notice of and to vote at the Meeting, and any adjournment or postponement thereof.

Under Section 191 of the *Business Corporations Act* (Alberta) (the "**ABCA**"), a Shareholder may dissent in the manner described in **Schedule "C"** and **Schedule "D"** in the accompanying Circular in respect of the Pre-Redemption Amendment. If the Pre-Redemption Amendment becomes effective, dissenting Shareholders who comply with procedures set forth in Section 191 of the ABCA will be entitled to be paid the fair value (as determined by an applicable court) for their Common Shares. Each Registered Shareholder who intends to exercise rights of

dissent should carefully consider and comply with Section 191 of the ABCA, and should in advance of the Meeting, consult a legal advisor. **Failure to strictly comply with the requirements set forth in Section 191 of the ABCA may result in the loss or unavailability of any right of dissent. Persons who are beneficial owners of Common Shares registered in the name of a broker, custodian, nominee or other intermediary who wish to dissent should be aware that only the Registered Shareholders are entitled to dissent. Accordingly, if you are such a beneficial owner of Common Shares desiring to exercise your right of dissent, you must make arrangements for the Common Shares beneficially owned by you to be registered in your name prior to the time that the written objection to the Pre-Redemption Amendment is required to be received by the Company or, alternatively, make arrangements for the Registered Shareholder of your Common Shares to dissent on your behalf.**

It is desirable that as many Common Shares as possible be represented at the Meeting. If you do not expect to attend the Meeting and would like your shares represented, please complete the enclosed instrument of proxy and return it as soon as possible in the envelope provided for that purpose. All proxies, to be valid, must be received by Equity Financial Trust Company, 200 University Avenue, Suite 400, Toronto, Ontario M5H 4H1, at least forty-eight (48) hours, excluding Saturdays, Sundays and holidays, before the Meeting or any adjournment thereof. Late proxies may be accepted or rejected by the Chairman of the Meeting in his discretion, and the Chairman is under no obligation to accept or reject any particular late proxy. Shareholders who are not Registered Shareholders but plan to attend the Meeting must follow the instructions set forth in the voting instruction form or proxy form sent to them. If you hold your Common Shares in a brokerage account you are not a Registered Shareholder.

Dated: January 6, 2012.

BY ORDER OF THE BOARD

(signed) *"Jerry J. Budziak"*
Jerry J. Budziak
President and Chief Executive Officer

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The following is a glossary of certain terms used in this Circular, including Schedule "A" hereto.

GLOSSARY OF TERMS

"**ABCA**" means the *Business Corporations Act* (Alberta);

"**Articles**" means the articles of amalgamation of the Company filed on September 30, 2008, including all amendments thereto;

"**Beneficial Shareholders**" means Shareholders who do not hold Common Shares in their own name;

"**Board**" means the board of directors of the Company;

"**Business Day**" means any day on which commercial banks are generally open for business in Calgary, Alberta, other than a Saturday, Sunday or a day observed as a holiday in Calgary, Alberta, under applicable laws;

"**Circular**" means this management information circular of the Company, dated January 6, 2012 prepared for the purposes of the Meeting;

"**Common Shares**" means common shares in the capital of the Company;

"**Company**" means Seaway Energy Services Inc.;

"**Completion Date**" means the date on which the Redemption Funds have been forwarded to the Depository and the Depository has been instructed or caused by the Company in accordance with the terms of the Support Agreement, to deliver the Consideration to the Minority Shareholders;

"**Consideration**" means the payment which any Minority Shareholder will be entitled to on the Redemption, the amount of which is equal to Cdn.$0.040 for each Common Share held by the Minority Shareholder;

"**Depositary**" means Equity Financial Trust Company, or such other person as the parties may agree to in writing;

"**Dissenting Shareholder**" means a Registered Shareholder who has validly exercised his, her or its dissent rights in respect of the Redemption, under, and strictly in accordance with provisions of, section 191 of the ABCA;

"**Effective Date**" means, with respect to both the Pre-Redemption Amendment and the Redemption, the date that the Pre-Redemption Amendment is approved by the Shareholders and the Minority Shareholders;

"**Effective Time**" means, with respect to both the Pre-Redemption Amendment and the Redemption the time on the Effective Date, when the Pre-Redemption Amendment is approved by the Shareholders and the Minority Shareholders;

"**Fairness Opinion**" means the opinion of Probity Capital dated January 6, 2012, provided to the Special Committee concerning the fairness of the consideration to be received by the Minority Shareholders pursuant to the Redemption, from a financial point of view, to the Minority Shareholders;

"**Going Private Transaction**" means the transaction set forth in this Circular to take the Company private, including the Pre-Redemption Amendment, the Redemption and the applications to delist the Common Shares from the TSX-V and to cease to be a reporting issuer in those jurisdictions where the Company currently holds such status;

"**Instrument of Proxy**" means the form of proxy enclosed with this Circular;

"**intermediaries**" means brokers, investment firms, clearing houses and similar entities that hold Common Shares on behalf of Beneficial Shareholders;

"**Letter of Transmittal**" means the letter of transmittal to be delivered to holders of Common Shares on the Record Date, in connection with the Meeting;

"**Majority Shareholders**" means the Management Participants, their associates, affiliates and all those acting jointly or in concert therewith for the purposes of the Going Private Transaction, being those parties set out in Schedule "E" attached hereto;

"Management Designees" means the persons named in the enclosed Instrument of Proxy selected by the directors of the Company to represent as proxy the Shareholder who appoints them;

"**Management Participant**" means, collectively, Jerry J. Budziak, David A. Burroughs and Elias Foscolos;

"**Meeting Date**" means February 2, 2012, unless the Meeting is adjourned, delayed or postponed, in which case "**Meeting Date**" shall refer to the date on which the Meeting is held;

"**Meeting Materials**" means, collectively, the Notice of Meeting, the Circular, the Letter of Transmittal and the form of proxy;

"**Meeting**" means the annual general and special meeting of the Shareholders to be held on the Meeting Date in Calgary at 10:00 a.m. (Calgary time) or any postponements or adjournments thereof;

"**MI 61-101**" means Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions*;

"**Minority Shareholders**" means all Shareholders other than the Majority Shareholders;

"**Notice of Meeting**" means the notice of the Meeting accompanying the Circular;

"**Pre-Redemption Amendment**" means the amendment of the Articles to add a redemption provision to the Common Shares to permit the redemption by the Company, at any time prior to March 1, 2012 or such later date as the Board may determine or ratify, of all or any of its Common Shares at a redemption price of Cdn.$0.040 per Common Share;

"**Pre-Redemption Amendment Resolution**" means the special resolution of the Shareholders of the Company to approve the Pre-Redemption Amendment;

"**Probity Capital**" means Probity Capital Advisors Inc.;

"**Probity Capital Valuation**" means the Comprehensive Valuation Report dated January 6, 2012 prepared by Probity Capital and setting out a range of values for the fair market value of the Company as at October 31, 2011;

"**Record Date**" means December 28, 2011, the record date of the Meeting;

"**Redemption**" means the redemption of the Common Shares held by the Minority Shareholders at the Completion Date and for the Consideration;

"**Redemption Funds**" means an amount equal to the aggregate Consideration to be paid to the Minority Shareholders in accordance with the Redemption;

"**Redemption Resolution**" has the meaning ascribed thereto in the Support Agreement;

"**Registered Shareholder**" means a holder of Common Shares, as noted in the records of the Transfer Agent, as of the Record Date;

"**Remaining Shareholder**" means a Shareholder, being a Majority Shareholder, who will hold Common Shares following the Redemption;

"**Shareholder**" means a holder of Common Shares;

"**Special Committee**" means the special committee of the Board comprised of Michael Windle (Chair), which was established on November 25, 2011, to consider the proposed Going Private Transaction;

"**Subject Shares**" means the 11,698,000 Common Shares beneficially owned or over which control or direction is exercised, directly or indirectly by the Majority Shareholders;

"**Support Agreement**" means the support agreement dated January 6, 2012 among the Company and the Management Participants;

"**Tax Act**" means the *Income Tax Act* (Canada), R.S.C. 1985, c.1 (5th suppl.), as amended from time to time;

"**Transfer Agent**" means Equity Financial Trust Company, the registrar and transfer agent of the Company;

"**TSX-V**" means the TSX Venture Exchange; and

"**TSX-V Policy 5.9**" means Policy 5.9 – *Protection of Minority Security Holders in Special Transactions* of the TSX-V.

SUMMARY

The following is a summary of certain significant information appearing elsewhere in this Circular. Certain capitalized terms used in this summary are defined in the Glossary of Terms. This summary is qualified in its entirety by the more detailed information appearing elsewhere in this Circular. Shareholders are urged to read this Circular and the attached schedules in their entirety.

Date, Time and Place of Meeting

The Meeting will be held on February 2, 2012 at 10:00 a.m. (Calgary time) at the offices of Davis LLP, Suite 1000, 250 - 2nd Street S.W., Calgary, Alberta T2P 0C1.

Record Date

The record date for the determination of Registered Shareholders entitled to notice of and to vote at the Meeting is December 28, 2011.

Purpose of Meeting

At the Meeting, Registered Shareholders will be asked to consider and, if thought advisable, approve, with or without variation, (i) an ordinary resolution fixing the number of directors to be elected at four (4), (ii) an ordinary resolution approving the election of directors for the ensuing year, (iii) an ordinary resolution approving the appointment of auditors of the Company for the ensuing year, (iv) an ordinary resolution approving the stock option plan of the Company, and (v) a special resolution approving the Pre-Redemption Amendment, the text of which is set out in **Schedule "A"** to this Circular, which if passed, will result in the Company completing the Going Private Transaction in accordance with the terms and conditions set forth in the Support Agreement.

Going Private Transaction - The Pre-Redemption Amendment, the Redemption and the Post-Redemption Steps

The Pre-Redemption Amendment

Assuming the Pre-Redemption Amendment Resolution receives the requisite approvals by Shareholders and Minority Shareholders at the Meeting and all other terms and conditions of the Support Agreement are satisfied or waived (if capable of being waived), the Pre-Redemption Amendment will be effected immediately following the Meeting.

If adopted, the Pre-Redemption Amendment will amend the Articles to add a redemption provision to the Common Shares to permit the redemption by the Company, without prior notice, at any time prior to March 1, 2012 or such later date as the Board may determine or ratify, of all of its Common Shares held by the Minority Shareholders at a redemption price of Cdn.$0.040 per Common Share.

A copy of the full text of the Pre-Redemption Amendment Resolution is set out in **Schedule "A"** to this Circular.

The Redemption

Upon the Pre-Redemption Amendment becoming effective, the Board will redeem the Common Shares held by the Minority Shareholders by causing the Company to pay to the Depositary, on behalf of each Minority Shareholder, the Consideration of Cdn.$0.040 per Common Share held by such Minority Shareholder. Based on the current shareholder list, it is expected there will be only five (5) Remaining Shareholders after the Redemption, being the Majority Shareholders (as listed in Schedule "E" to this Circular).

Assuming the requisite Shareholder approvals are received and other conditions precedent are satisfied or waived under the Support Agreement, the Pre-Redemption Amendment and the Redemption will be effected as soon as practicable after the receipt of such approvals.

Consideration

Pursuant to the Redemption, each Minority Shareholder will be entitled to receive a cash payment of Cdn.$0.040 for each Common Share held by that Minority Shareholder.

Source of Funds

For purposes of the Redemption, the Consideration to be paid to Minority Shareholders and the amount to be paid to any Dissenting Shareholder will be provided by the Company from available cash on hand or available credit facilities. In addition thereto, under the terms of the Support Agreement the Management Participants have agreed to provide the Consideration or a portion thereof, as may be required by the Company to complete the Redemption. Assuming that all the Common Shares held by the Minority Shareholders are redeemed, the aggregate amount to be paid by the Company will be $687,188.80.

Notice of Redemption

Should the Redemption become effective as described in this Circular, the Company shall immediately issue a news release to such effect, and Minority Shareholders will not receive any further notice with respect to the Redemption of their Common Shares.

Letter of Transmittal

In order to receive the Consideration to which they are entitled pursuant to the Redemption, Minority Shareholders are required to complete and deliver to the Depositary, the Letter of Transmittal accompanying this Circular, together with the certificates representing their Common Shares and all other documents as may be requested by the Depositary. Provided that a Minority Shareholder has delivered to the Depositary the above referenced documentation, duly and properly completed as required, the Depositary will forward to such Minority Shareholder the cheque(s) representing the Consideration to which such Minority Shareholder may be entitled, unless such Minority Shareholder has provided alternative directions in accordance with the instructions set out in the Letter of Transmittal. See "*Surrender of Share Certificates for the Consideration*".

The Post-Redemption Steps

The Redemption will, in effect, "privatize" the Company. The Common Shares are currently listed for trading on the TSX-V. As part of the Going Private Transaction, the Company intends to apply to have its Common Shares de-listed from the TSX-V after the completion of the Redemption. The Company also intends to apply to the applicable securities regulatory authorities to cease to be a reporting issuer in each province in which it is currently a reporting issuer after the completion of the Redemption.

In the event Shareholder approval is not given to the Pre-Redemption Amendment Resolution, the Redemption will not be effected and the Going Private Transaction will not be completed. In such a case, any Letter of Transmittal completed by a Registered Shareholder will be of no effect and the Depositary will return all surrendered certificates representing Common Shares to the holders thereof as soon as practicable.

Special Committee

On November 25, 2011, the Board established a special committee of independent directors comprised of Michael Windle (Chair), the sole "independent" director (within the meaning of MI 61-101), of the Company, in response to correspondence from the management of the Company to the Board setting out the parameters of the proposed Going Private Transaction. Michael Windle holds 100,000 Common Shares of the Company.

The Special Committee retained Probity Capital as its independent financial advisor in connection with the Going Private Transaction.

The Special Committee's review of the Probity Capital Valuation and the Fairness Opinion and consideration of all other relevant facts and issues, **the Special Committee concluded that the Going Private Transaction is in the best interests of the Company and the Consideration to be received by the Minority Shareholders pursuant to the Redemption is fair, from a financial point of view, to the Minority Shareholders and it unanimously recommended that the Board approve the Going Private Transaction and recommend to Shareholders that they vote FOR the Pre-Redemption Amendment Resolution required to effect the proposed Going Private Transaction.** See "*Background and Special Committee Matters – Reasons for the Going Private Transaction; Special Committee Recommendation*".

Shareholder Approvals Required

In order to complete the Redemption, the Pre-Redemption Amendment Resolution must be approved by: (a) at least two-thirds of the votes cast by Shareholders present in person or represented by proxy at the Meeting; and (b) for the purposes of TSX-V Policy 5.9 and MI 61-101, a majority of the votes cast by all Minority Shareholders present in person or represented by proxy at the Meeting.

The full text of the Pre-Redemption Amendment Resolution is set out in **Schedule "A"** to this Circular. Since the Going Private Transaction is considered to be a "business combination" (and may also be considered an "issuer bid") for the purposes of TSX-V Policy 5.9 (which incorporates the provisions of MI 61-101), the Pre-Redemption Amendment Resolution must be approved by a majority of the votes cast in respect thereof by the Minority Shareholders present in person or represented by proxy at the Meeting. To the knowledge of the management of the Company as at the date of the Circular, for the purposes of minority voting under MI 61-101, a total of 11,698,000 Common Shares held by the Majority Shareholders, their associates, affiliates and joint actors, will be excluded from the minority vote in respect of the Pre-Redemption Amendment Resolution.

Certain Canadian Federal Income Tax Considerations

A Minority Shareholder who is resident in Canada and holds its Common Shares as capital property should realize a capital gain (or capital loss) in the amount by which the Consideration received pursuant to the Redemption exceeds (or is less than) the holder's adjusted cost base of the Common Shares.

A summary of the principal Canadian federal income tax considerations in respect of the Redemption is included under "*Certain Canadian Federal Income Tax Considerations*" and the foregoing is qualified in full by the information in such section. This summary is of a general nature only and it is not exhaustive of all possible Canadian federal income tax considerations applicable to Shareholders who are not Majority Shareholders.

Right of Dissent

The Pre-Redemption Amendment and Redemption are being carried out to effect the implementation of the Going Private Transaction. A Registered Shareholder is entitled to exercise dissent rights as provided for in Section 191 of the ABCA in respect of the Pre-Redemption Amendment.

In addition to any other rights a Shareholder may have, a Registered Shareholder who complies with the dissent procedure under Section 191 of the ABCA is entitled to be paid the fair value (as determined by an applicable court) of the Common Shares held by such Registered Shareholder in respect of which it dissents, determined as at the close of business on the day before the Pre-Redemption Amendment Resolution is approved and adopted.

The dissent procedure provided by Section 191 of the ABCA is summarized in **Schedule "C"** to this Circular, and the full text of Section 191 of the ABCA is set forth in **Schedule "D"** to this Circular. Registered Shareholders who wish to exercise dissent rights are referred to these Schedules. A Registered Shareholder may exercise the right of

dissent under Section 191 of the ABCA only in respect of the Common Shares which are registered in that Registered Shareholder's name. The execution or exercise of a proxy or voting instruction form does not constitute a written objection for the purposes of exercising dissent rights under Section 191 of the ABCA. **A Registered Shareholder wishing to exercise a right of dissent should consider seeking legal advice in advance of the Meeting, as failure to strictly comply with the relevant provisions of Section 191 of the ABCA may result in the loss or unavailability of the right of dissent.**

The obligations of the Company to consummate the transactions in respect of the Going Private Transaction are subject to the satisfaction of a number of conditions as set forth in the Support Agreement. One such condition is that the holders of no more than 15% of the Common Shares on a fully diluted basis shall have exercised rights of dissent in accordance with the provisions of Section 191 of the ABCA. See "*Summary of the Support Agreement – Conditions Precedent*" for other conditions set forth in the Support Agreement.

Effect of the Going Private Transaction on Markets and Listings

The Redemption will, in effect, "privatize" the Company. The Common Shares are currently listed for trading on the TSX-V. As part of the Going Private Transaction, the Company intends to apply to have its Common Shares de-listed from the TSX-V after the completion of the Redemption. The Company also intends to apply to the applicable securities regulatory authorities to cease to be a reporting issuer in each province in which it is currently a reporting issuer after the completion of the Redemption.

Recommendation of the Board

After the unanimous recommendation by the Special Committee that the Board approve the proposed Going Private Transaction, the Board, with Jerry J. Budziak, Elias Foscolos and David A. Burroughs as interested directors abstaining from voting, unanimously resolved that the Consideration being offered to the Minority Shareholders pursuant to the Redemption is fair and that the proposed Going Private Transaction as a whole is in the best interests of the Company. **The Board therefore recommends that all Shareholders vote FOR the Pre-Redemption Amendment Resolution. The text of the Pre-Redemption Amendment Resolution is set out in Schedule "A" to this Circular. Unless instructed otherwise, the Management Designees in the accompanying Instrument of Proxy intend to vote FOR the Pre-Redemption Amendment Resolution in order to give effect to the Going Private Transaction.**

SEAWAY ENERGY SERVICES INC.
MANAGEMENT INFORMATION CIRCULAR

This Circular is furnished in connection with the solicitation of proxies by the management of Seaway Energy Services Inc. for use at the annual general and special meeting (the "Meeting") of its holders of Common Shares to be held on February 2, 2012, at the time and place and for the purposes set forth in the accompanying notice of the Meeting.

Forward-Looking Statements

This Circular contains forward-looking statements relating to the proposed Going Private Transaction, including statements regarding the anticipated completion time of the proposed transaction and the delisting of the Company's Common Shares after completion of the transaction. Such forward-looking statements are subject to important risks, uncertainties and assumptions. The results or events predicted in these forward-looking statements may differ materially from actual results or events. As a result, you are cautioned not to place undue reliance on these forward-looking statements.

The completion of the proposed Going Private Transaction is subject to a number of terms and conditions, including, without limitation: (i) approval of the TSX-V, (ii) required Shareholder approvals, (iii) support of certain remaining Shareholders who will not receive the Consideration, and (iv) certain termination rights available to the parties under the Support Agreement. These approvals may not be obtained, or the conditions of the Going Private Transaction may not be satisfied in accordance with their terms, and/or the parties to the Support Agreement may exercise their termination rights, in which case the proposed Going Private Transaction could be modified, restructured or terminated, as applicable. See *"Particulars of Matters to be Acted Upon at the Meeting - Summary of Support Agreement"*.

The forward-looking statements contained in this Circular are made as of the date hereof. Except as required by applicable law, the Company disclaims any intention and assumes no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. For additional information with respect to certain of these and other assumptions and risks, see *"Risk Factors"*.

The Company

The Company was incorporated pursuant to the provision of the *Business Corporations Act* (Alberta), on May February 28, 2005 as Dolce Financial Corp. On June 27, 2005 the Company amended and restated its articles to remove the restrictions on share transfers. The Company changed its name by Certificate of Amendment to Seaway Energy Services Inc. on January 29, 2007. The Company then completed an amalgamation with its wholly-owned subsidiary, Seaway Project Management (1998) Ltd., on September 30, 2008, upon the filing of the articles of amalgamation. The head office of the Company is located at Suite 1250, 700 - 4th Avenue S.W., Calgary, Alberta T2P 3J4. The registered office of the Company is located at 1250, 639 - 5th Avenue S.W., Calgary, Alberta T2P 0M9.

In this Circular, references to the "**Company**", "**we**" and "**our**" refer to Seaway Energy Services Inc. All dollar amounts referred to in the Circular are stated in Canadian dollars, unless otherwise indicated.

GENERAL PROXY INFORMATION

Solicitation of Proxies

Although it is expected that the solicitation of proxies will be primarily by mail, proxies may also be solicited personally or by telephone, facsimile or other proxy solicitation services. In accordance with National Instrument 54 -101 *Communication with Beneficial Owners of Securities of a Reporting Issuer*, arrangements have been made with brokerage houses and other intermediaries, clearing agencies, custodians, nominees and fiduciaries to forward solicitation materials to the beneficial owners of the Common Shares held of record by such persons and the Company may reimburse such persons for reasonable fees and disbursements incurred by them in doing so. The costs thereof will be borne by the Company.

Appointment and Revocation of Proxies

The Management Designees in the enclosed Instrument of Proxy have been selected by the Board and have indicated their willingness to represent as proxy the Shareholder who appoints them. A Shareholder has the right to designate a person (whom need not be a Shareholder) other than the Management Designees to represent him or her at the Meeting. Such right may be exercised by inserting in the space provided for that purpose on the Instrument of Proxy the name of the person to be designated and by deleting there from the names of the Management Designees, or by completing another proper form of proxy and delivering the same to the Transfer Agent. Such shareholder should notify the nominee of the appointment, obtain the nominee's consent to act as proxy and should provide instructions on how the shareholder's shares are to be voted. The nominee should bring personal identification with him to the Meeting. In any case, the Instrument of Proxy should be dated and executed by the Shareholder or an attorney authorized in writing, with proof of such authorization attached (where an attorney executed the proxy form). In addition, a proxy may be revoked by a Shareholder personally attending at the Meeting and voting his shares.

An Instrument of Proxy will not be valid for the Meeting or any adjournment thereof unless it is completed and delivered to the Company's transfer agent, Equity Financial Trust Company, 200 University Avenue, Suite 400, Toronto, Ontario M5H 4H1, at least forty-eight (48) hours, excluding Saturdays, Sundays and holidays, before the Meeting or any adjournment thereof. Late proxies may be accepted or rejected by the Chairman of the Meeting in his discretion, and the Chairman is under no obligation to accept or reject any particular late proxy.

A Shareholder who has given a proxy may revoke it as to any matter upon which a vote has not already been cast pursuant to the authority conferred by the proxy. In addition to revocation in any other manner permitted by law, a proxy may be revoked by depositing an instrument in writing executed by the Shareholder or by his authorized attorney in writing, or, if the Shareholder is a corporation, under its corporate seal by an officer or attorney thereof duly authorized, either at the registered office of the Company or with Equity Financial Trust Company, 200 University Avenue, Suite 400, Toronto, Ontario M5H 4H1, at any time up to and including the last business day preceding the date of the Meeting, or any adjournment thereof at which the proxy is to be used, or by depositing the instrument in writing with the Chairman of such Meeting on the day of the Meeting, or at any adjournment thereof. In addition, a proxy may be revoked by the Shareholder personally attending the Meeting and voting his shares.

Advice to Beneficial Shareholders

The information set forth in this section is of significant importance to many Shareholders, as a substantial number of Shareholders do not hold Common Shares in their own name. Shareholders who hold their Common Shares through their brokers, intermediaries, trustees or other persons, or who otherwise do not hold their Common Shares in their own name (referred to in this Circular as "**Beneficial Shareholders**") should note that only proxies deposited by Shareholders who appear on the records maintained by the Company's Transfer Agent as registered holders of Common Shares will be recognized and acted upon at the Meeting. If Common Shares are listed in an account statement provided to a Beneficial Shareholder by a broker, those Common Shares will, in all likelihood, not be registered in the Shareholder's name. Such Common Shares will more likely be registered under the name of the Shareholder's broker or an agent of that broker. In Canada, the vast majority of such shares are registered under the name of CDS & Co. (the registration name for The Canadian Depositary for Securities, which acts as nominee for many Canadian brokerage firms). Common Shares held by brokers (or their agents or nominees) on behalf of a

broker's client can only be voted (for or against resolutions) at the direction of the Beneficial Shareholder. Without specific instructions, brokers and their agents and nominees are prohibited from voting shares for the broker's clients. **Therefore, each Beneficial Shareholder should ensure that voting instructions are communicated to the appropriate person well in advance of the Meeting.**

Existing regulatory policy requires brokers and other intermediaries to seek voting instructions from Beneficial Shareholders in advance of shareholders' meetings. The various brokers and other intermediaries have their own mailing procedures and provide their own return instructions to clients, which should be carefully followed by Beneficial Shareholders in order to ensure that their Common Shares are voted at the Meeting. The form of proxy supplied to a Beneficial Shareholder by its broker (or the agent of the broker) is substantially similar to the Instrument of Proxy provided directly to Registered Shareholders by the Company. However, its purpose is limited to instructing the Registered Shareholder (i.e., the broker or agent of the broker) how to vote on behalf of the Beneficial Shareholder. The vast majority of brokers now delegate responsibility for obtaining instructions from clients to Broadridge Financial Solutions, Inc. ("**Broadridge**") in Canada. Broadridge typically prepares a machine-readable voting instruction form, mails those forms to Beneficial Shareholders and asks Beneficial Shareholders to return the forms to Broadridge, or otherwise communicate voting instructions to Broadridge (by way of the Internet or telephone, for example). Broadridge then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of shares to be represented at the Meeting. **A Beneficial Shareholder who receives a Broadridge voting instruction form cannot use that form to vote Common Shares directly at the Meeting. The voting instruction forms must be returned to Broadridge (or instructions respecting the voting of Common Shares must otherwise be communicated to Broadridge) well in advance of the Meeting in order to have the Common Shares voted. If you have any questions respecting the voting of Common Shares held through a broker or other intermediary, please contact that broker or other intermediary for assistance.**

Although a Beneficial Shareholder may not be recognized directly at the Meeting for the purposes of voting Common Shares registered in the name of his broker, a Beneficial Shareholder may attend the Meeting as proxyholder for the Registered Shareholder and vote the Common Shares in that capacity. **Beneficial Shareholders who wish to attend the Meeting and indirectly vote their Common Shares as proxyholder for the Registered Shareholder, should enter their own names in the blank space on the form of proxy provided to them and return the same to their broker (or the broker's agent) in accordance with the instructions provided by such broker.**

All references to Shareholders in this Circular and the accompanying Instrument of Proxy and Notice of Meeting are to Registered Shareholders unless specifically stated otherwise.

Voting of Proxies

Each Shareholder may instruct his proxy how to vote his Common Shares by completing the blanks on the Instrument of Proxy. All Common Shares represented at the Meeting by properly executed proxies will be voted or withheld from voting (including the voting on any ballot), and where a choice with respect to any matter to be acted upon has been specified in the Instrument of Proxy, the Common Shares represented by the proxy will be voted in accordance with such specification. **In the absence of any such specification as to voting on the Instrument of Proxy, the Management Designees, if named as proxy, will vote in favour of the matters set out therein. In the absence of any specification as to voting on any other form of proxy, the Common Shares represented by such form of proxy will be voted in favour of the matters set out therein.**

The enclosed Instrument of Proxy confers discretionary authority upon the Management Designees, or other persons named as proxy, with respect to amendments to or variations of matters identified in the Notice of Meeting and any other matters which may properly come before the Meeting. As of the date hereof, the Company is not aware of any amendments to, variations of or other matters which may come before the Meeting. In the event that other matters come before the Meeting, then the Management Designees intend to vote in accordance with the judgment of management of the Company.

Quorum

The by-laws of the Company provide that a quorum at any meeting of shareholders shall be person present not being less than two (2) in number and holding or representing not less than five (5%) percent of the outstanding shares of the Company entitled to vote at a meeting.

VOTING SHARES AND PRINCIPAL HOLDERS THEREOF

The Company is authorized to issue an unlimited number of Common Shares. As at the date of this Circular, which is January 6, 2012, 28,877,470 Common Shares are issued and outstanding as fully paid and non-assessable. No other shares of any other class are issued or outstanding. The Common Shares are the only shares entitled to be voted at the Meeting and holders of Common Shares are entitled to one vote for each Common Share held.

Holders of Common Shares of record at the close of business on December 28, 2011 (the "**Record Date**") are entitled to vote such Common Shares at the Meeting on the basis of one vote for each Common Share held except to the extent that, (a) the holder has transferred the ownership of any of his Common Shares after the Record Date, and (b) the transferee of those Common Shares produces properly endorsed share certificates, or otherwise establishes that he owns the Common Shares, and demands not later than ten (10) days before the day of the Meeting that his name be included in the list of persons entitled to vote at the Meeting, in which case the transferee will be entitled to vote his Common Shares at the Meeting.

To the knowledge of the Board and the executive officers of the Company, as at the January 6, 2012, no person or company beneficially owns, directly or indirectly, or controls or directs, voting securities carrying 10% or more of the voting rights attached to any class of voting securities of the Company, other than as follows:

Name	Type of Ownership	Number of Common Shares Owned or Controlled at the Effective Date	Percent of Outstanding Common Shares
Jerry J. Budziak	Registered and Beneficial	6,066,000	21.0%
Elias Foscolos	Registered and Beneficial	2,912,000 (1)	10.1%

Note:

(1) In respect of Mr. Foscolos' holdings of Common Shares, 605,000 Common Shares are held by Accretive Financial Corp., a company owned and controlled by Mr. Foscolos, and 1,281,000 Common Shares are held by the spouse of Mr. Foscolos.

EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

The compensation program of the Company is designed to attract, motivate, reward and retain knowledgeable and skilled executives required to achieve the Company's corporate objectives and increase shareholder value. The main objective of the compensation program is to recognize the contribution of the executive officers to the overall success and strategic growth of the Company. The compensation program is designed to reward management performance by aligning a component of the compensation with the Company's business performance and share value. The philosophy of the Company is to pay the management a total compensation amount that is competitive with other Canadian junior oil & gas services companies and is consistent with the experience and responsibility level of the management. The purpose of executive compensation is to reward the executives for their contributions to the achievements of the Company on both an annual and long term basis.

The compensation program provides incentives to its management and directors to achieve long term objectives through grants of stock options under the Company's stock option plan. Increasing the value of the Company's

Common Shares increases the value of the stock options. This incentive closely links the interests of the management and directors to the Shareholders of the Company.

In addition, order to retain and reward qualified personnel in the highly competitive petroleum and natural gas business, the Company, from time to time, makes cash bonuses a component of compensation, taking into consideration performance by both the Company and the respective personnel. Though the Company has not adopted a formal bonus plan or non-equity incentive plan, all personnel, including executive officers are eligible to receive a bonus. The size of the bonus pool is based on the recommendation of the Compensation Committee to the Board after consultation with management.

The Company entered into an employment agreement (the "**Budziak Agreement**") effective May 1, 2006, with Jerry J. Budziak, the President and Chief Executive Officer of the Company. Pursuant to the Budziak Agreement, the Company paid $12,500.00 per month to Mr. Budziak for the services performed. In the event of termination of the Budziak Agreement by the Company without just cause, or in the event of a merger, amalgamation, acquisition of the Company by another person, acquisition of substantially all the assets of the Company, or a change in control of the Company, Mr. Budziak is entitled to a termination payment of six (6) months salary plus one (1) additional months salary for each year of service not to exceed eighteen (18) months. The Budziak Agreement is automatically renewed on an annual basis, subject to termination in accordance with the terms thereof.

Option-based Awards

No stock options were granted to directors and officers of the Company during the financial year ended September 30, 2011.

When granted, the allocation of the number of options granted among the directors and officers of the Company is determined by the Board. See *"Incentive Plan Awards"* below and *"DIRECTOR COMPENSATION - Incentive Plan Awards"* below.

Summary Compensation Table

The following table sets forth all annual and long term compensation for the three most recently completed financial years for services in all capacities to the Company and its subsidiaries, if any, in respect of individual(s) who were acting as, or were acting in a capacity similar to, a chief executive officer ("**CEO**") or chief financial officer ("**CFO**") and the three most highly compensated executive officers whose total compensation exceeded $150,000 per annum (the "**Named Executive Officers**").

SUMMARY COMPENSATION TABLE									
Name and Principal Position	**Year Ended September 30**	**Consulting Fees / Salary ($)**	**Share-Based Awards ($)[1]**	**Option-Based Awards ($)[2]**	**Non-Equity Incentive Plan Compensation ($) ($)**		**Pension Value ($)**	**All Other Compensation ($)**	**Total Compensation ($)**
					Annual Incentive Plans	**Long-Term Incentive Plans**			
Jerry J. Budziak[3] CEO	2009	107,637	Nil	Nil	Nil	Nil	Nil	Nil	107,637
	2010	115,000	Nil	Nil	15,000[4]	Nil	Nil	Nil	130,000
	2011	150,000	Nil	Nil	Nil	Nil	Nil	Nil	150,000
Michal Holub[5] CFO	2009	26,691	Nil	Nil	Nil	Nil	Nil	Nil	26,691
	2010	22,102	Nil	Nil	5,000[4]	Nil	Nil	Nil	27,102
	2011	18,539	Nil	Nil	Nil	Nil	Nil	Nil	18,539

Notes:

(1) "**Share-Based Award**" means an award under an equity incentive plan of equity-based instruments that do not have option-like features, including, for greater certainty, common shares, restricted shares, restricted share units, deferred share units, phantom shares, phantom share units, common share equivalent units and stock.
(2) "**Option-Based Award**" means an award under an equity incentive plan of options, including, for greater certainty, share options, share appreciation rights and similar instruments that have option-like features. The "grant date fair value" has been determined by using the Black-Sholes option pricing model. See discussion below.
(3) Mr. Budziak did not receive any additional compensation for serving as a director of the Company.
(4) Represents discretionary bonus payments earned for services performed during the applicable year. The Company does not have a non-equity incentive plan.
(5) Consulting fees and bonuses are paid to a company controlled by Mr. Holub.

Narrative Discussion

Calculating the value of stock options using the Black-Scholes option pricing model is very different from a simple "in-the-money" value calculation. In fact, stock options that are well out-of-the-money can still have a significant "grant date fair value" based on a Black-Scholes option pricing model, especially where, as in the case of the Company, the price of the share underlying the option is highly volatile. Accordingly, caution must be exercised in comparing grant date fair value amounts with cash compensation or an in-the-money option value calculation.

Incentive Plan Awards

Outstanding Share-Based Awards and Option-Based Awards

The following table sets forth details of all awards outstanding for each Named Executive Officer of the Company as of the most recent financial year end, including awards granted before the most recently completed financial year.

	Option-Based Awards				**Share-Based Awards**	
Name and Title	**Number of Securities Underlying Unexercised Options (#)**	**Option Exercise Price ($)**	**Option Expiration Date**	**Value of Unexercised in-the-money Option[(1)(2)] ($)**	**Number of Shares or Units of Shares that have not vested (#)**	**Market or Payout Value of Share-Based Awards that have not vested ($)**
Jerry J. Budziak President and CEO	100,000 [(3)]	$0.24	Oct. 17, 2011	Nil	N/A	N/A
Michal Holub CFO	Nil	N/A	N/A	N/A	N/A	N/A

Notes:

(1) Unexercised "in-the-money" options refer to the options in respect of which the market value of the underlying securities as at the financial year end exceeds the exercise or base price of the option.
(2) The aggregate of the difference between the market value of the Common Shares as at September 30, 2011, being $0.030 per Common Share, and the exercise price of the options.
(3) These 100,000 options expired unexercised on October 17, 2011.

None of the awards disclosed in the table above have been transferred at other than fair market value.

Incentive Plan Awards - Value Vested or Earned During the Year

There were no option-based awards, share-based awards or non-equity incentive plan compensation, which vested or were earned during the most recently completed financial year by any Named Executive Officer.

Pension Plan Benefits

The Company does not have a pension plan or any other plan that provides for payments or benefits at, following or in connection with retirement. The Company does not have a deferred compensation plan.

Narrative Discussion

The Company has a stock option plan (the "**Plan**") previously approved by the Shareholders at the last meeting of the Shareholders on August 24, 2010. The significant terms of the Plan are disclosed in this Circular under "*PARTICULARS OF MATTERS TO BE ACTED UPON - Approval of 2011 Stock Option Plan*".

Pension Plan Benefits

The Company does not have in place any deferred compensation plan or pension plan that provides for payments or benefits at, following or in connection with retirement.

Termination and Change of Control Benefits

The Company is not a party to any contract, agreement, plan or arrangement that provides for payments to a Named Executive Officer at, following or in connection with any termination (whether voluntary, involuntary or constructive), resignation, retirement, a change in control of the Company, its subsidiaries or affiliates or a change in a Named Executive Officer's responsibilities other than the following:

1. In the event of termination of the Budziak Agreement by the Company without just cause, or in the event of a merger, amalgamation, acquisition of the Company by another person, acquisition of substantially all the assets of the Company, or a change in control of the Company, Mr. Budziak is entitled to a termination payment of six (6) months salary plus one (1) additional months salary for each year of service not to exceed eighteen (18) months.

DIRECTOR COMPENSATION

During the year ended September 30, 2011, the Company had five (5) directors, one (1) of which is also a Named Executive Officer. For a description of the compensation paid to the Named Executive Officer of the Company who also acts as a director of the Company, see "*EXECUTIVE COMPENSATION*".

Director Compensation Table

No compensation was provided to directors who are not also Named Executive Officers ("**Outside Directors**") of the Company for the most recently completed financial year as set out in the table below.

Name	Fees Earned ($)	Share-Based Awards ($)[1]	Option-Based Awards ($)[2]	Non-Equity Incentive Plan Compensation ($)	Pension Value ($)	All Other Compensation ($)	Total ($)
David A. Burroughs	Nil	Nil	Nil	Nil	Nil	Nil	Nil
John Murdoch[3]	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Michael Windle	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Elias Foscolos	Nil	Nil	Nil	Nil	Nil	Nil	Nil

Notes:

(1) "**Share-Based Award**" means an award under an equity incentive plan of equity-based instruments that do not have option-like features, including, for greater certainty, common shares, restricted shares, restricted share units, deferred share units, phantom shares, phantom share units, common share equivalent units and stock.

(2) "**Option-Based Award**" means an award under an equity incentive plan of options, including, for greater certainty, share options, share appreciation rights and similar instruments that have option-like features. The "grant date fair value" has been determined by using the Black-Sholes option pricing model.

(3) Mr. Murdoch resigned as a director on October 21, 2011.

Incentive Plan Awards

Outstanding Share-Based Awards and Option-Based Awards

The following table sets forth details of all awards outstanding for each Outside Director of the Company as of the most recent financial year end, including awards granted before the most recently completed financial year.

	Option-Based Awards				**Share-Based Awards**	
Name	**Number of Securities Underlying Unexercised Options (#)**	**Option Exercise Price ($)**	**Option Expiration Date**	**Value of Unexercised in-the-money Option[(1) (2)] ($)**	**Number of Shares or Units of Shares that have not vested (#)**	**Market or Payout Value of Share-Based Awards that have not vested ($)**
David A. Burroughs	75,000 [(3)]	$0.24	Oct. 17, 2011	Nil	N/A	N/A
John Murdoch	85,000 [(3)]	$0.24	Oct. 17, 2011	Nil	N/A	N/A
Michael Windle	75,000 [(3)]	$0.24	Oct. 17, 2011	Nil	N/A	N/A
Elias Foscolos	Nil	N/A	N/A	N/A	N/A	N/A

Notes:

(1) Unexercised "in-the-money" options refer to the options in respect of which the market value of the underlying securities as at the financial year end exceeds the exercise or base price of the option.

(2) The aggregate of the difference between the market value of the Common Shares as at September 30, 2011, being $0.030 per Common Share, and the exercise price of the options.

(3) All options expired unexercised on October 17, 2011.

None of the awards disclosed in the table above have been transferred at other than fair market value.

Incentive Plan Awards - Value Vested or Earned During the Year

There were no option-based awards, share-based awards or non-equity incentive plan compensation which vested or were earned during the most recently completed financial year by any of the Outside Directors of the Company.

Narrative Discussion

The significant terms of the Plan are disclosed in this Circular under "*PARTICULARS OF MATTERS TO BE ACTED UPON - Approval of 2011 Stock Option Plan*".

Other Compensation

Other than as set forth herein, the Company did not pay any other compensation to executive officers or directors (including personal benefits and securities or properties paid or distributed which compensation was not offered on

the same terms to all full time employees) during the last completed financial year other than benefits and perquisites which did not amount to $10,000 or greater per individual.

SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The following table sets forth securities of the Company that are authorized for issuance under equity compensation plans as at the end of the Company's most recently completed financial year ended September 30, 2011.

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights	Weighted-average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plans (excluding outstanding securities reflected in Column 1)[(1)]
Equity compensation plans approved by securityholders	540,000 Common Shares	$0.24 per Common Share	2,707,747 Common Shares
Equity compensation plans not approved by securityholders	Nil	Nil	Nil
Total	540,000 Common Shares	$0.24 per Common Share	2,407,747 Common Shares

Note:

(1) The aggregate number of Common Shares that may be reserved for issuance under the Plan shall not exceed 10% of the Company's issued and outstanding shares.

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

No director, executive officer, employee or former director, executive officer or employee of the Company nor any of their associates or affiliates, is, or has been at any time since the beginning of the last completed financial year, indebted to the Company nor has any such person been indebted to any other entity where such indebtedness is the subject of a guarantee, support agreement, letter of credit or similar arrangement or understanding, provided by the Company.

INTERESTS OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

Other than as set forth herein and below, or as previously disclosed, the Company is not aware of any material interests, direct or indirect, by way of beneficial ownership of securities or otherwise, of any director or executive officer, proposed nominee for election as a director or any shareholder holding more than 10% of the voting rights attached to the Common Shares or any associate or affiliate of any of the foregoing in any transaction in the preceding financial year or any proposed or ongoing transaction of the Company which has or will materially affect the Company.

Each of Jerry J. Budziak, David A. Burroughs and Elias Foscolos, are executive officers and/or directors of the Company all of whom are Majority Shareholders. Accretive Financial Corp., a private company owned and controlled by Mr. Foscolos, and the spouse of Mr. Foscolos, are also Majority Shareholders.

MANAGEMENT CONTRACTS

Other than as set forth herein, during the most recently completed financial year, no management functions of the Company were to any substantial degree performed by a person or company other than the directors or executive officers (or private companies controlled by them, either directly or indirectly) of the Company.

INTEREST OF CERTAIN PERSONS IN MATTERS TO BE ACTED UPON

Except as otherwise set out herein and below, no director or executive officer of the Company or any proposed nominee of management of the Company for election as a director of the Company, nor any associate or affiliate of the foregoing persons has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in matters to be acted upon at the Meeting.

Jerry J. Budziak, David A. Burroughs and Elias Foscolos are all executive officers and/or directors of the Company, all of whom comprise the Majority Shareholders. Accretive Financial Corp., a private company owned and controlled by Mr. Foscolos, and the spouse of Mr. Foscolos, are also Majority Shareholders.

NORMAL COURSE ISSUER BID

Pursuant to a Normal Course Issuer Bid ("**NCIB**") approved on February 17, 2011 through the facilities of the TSX-V, the Company may acquire over a 12 month period up to the greater of 1,549,423 or 10% of its Common Shares making up the "public float" as defined under the policies TSX-V. Up to the date of this Circular, the Company repurchased a total of 2,111,000 Common Shares at an average price of $0.412 per share for a total cost of $86,925.00. The Company has covenanted in the Support Agreement that no further purchases of Common Shares will be made by the Company under the NCIB. Aside from the aforementioned purchases under the NCIB, the Company has not made any purchase of Common Shares during the 12 month period prior to the date of this Circular. Also see "PARTICULARS OF MATTERS TO BE ACTED UPON - Approval of Going Private Transaction - *Previous Distributions of Common Shares*".

AUDIT COMMITTEE

The Canadian Securities Administrators' National Instrument 52-110 *Audit Committees* ("**NI 52-110**") requires the Company, as a venture issuer, to disclose annually in its management information circular certain information concerning the constitution of its audit committee and its relationship with its independent auditors, as set forth in the following discussion.

Audit Committee Terms of Reference

The terms of reference for the Company's audit committee ("**Audit Committee**") are attached as Schedule "I" to this Circular.

Audit Committee Composition

The following are the members of the Audit Committee, as at the date hereof:

David A. Burroughs	Independent(1)	Financially literate(1)
Michael Windle	Independent(1)	Financially literate(1)
Elias Foscolos	Independent(1)	Financially literate(1)

Note:

(1) As defined by NI 52-110.

Relevant Education and Experience

Mr. Elias Foscolos is the President of Accretive Financial Corp., a consulting firm that specializes in providing financial consulting services to private and publicly traded entities focused on the financial services and energy sectors. Mr. Foscolos also serves as President, CEO, CFO and a director (and a member of the audit committee) of Acorn Income Corp., a Canadian National Stock Exchange listed entity, and is the President, CFO and a director of Amalgamated General Partner Ltd., the general partner of Amalgamated Income Limited Partnership, a TSX-listed entity, until its wind-up and dissolution in March 2011. Mr. Foscolos has served in various other executive officer capacities and as a director, including as a current a director of Genesis Land Development Corp., a TSX-listed

entity, and Banff Rocky Mountain Resort Ltd., the general partner of Banff Rocky Mountain Resort Limited Partnership. From 2005 to 2010, Mr. Foscolos has served as an executive officer and/or a director of various private and exchange listed investment limited partnerships, primarily involved in the oil and gas sector. From 1997 until 2001, Mr. Foscolos was employed in the investment banking business with a number of firms including Merrill Lynch Canada and finally as a Vice-President with Yorkton Securities Inc. Mr. Foscolos received his Masters of Science in Industrial Administration (with distinction) from Carnegie Mellon University in 1992 and a Bachelors of Science Degree in Chemical Engineering from the University of Calgary in 1988.

Mr. David A. Burroughs is currently the RBU Manager for Weatherford Engineered Chemistry, having sold Chemserv Products to Weatherford. He is the President of Simonette Rentals, an oilfield production test equipment rental company since 2005. Mr. Burroughs serves on the Board of Directors of Hermes Financial Inc., a TSX-V listed company and has been and is currently on the audit committee of other public companies.

Mr. Michael Windle was a Manager of SAP with PetroKazakhstan Overseas Inc., an oil and gas development company from 1999 to 2004 and is currently the President of 1143536 Alberta Ltd., a private company engaged in business development consulting to the oil and gas industry. Mr. Windle is also the President, CEO and a director of Breaking Point Developments Inc., a "Capital Pool Company" under the policies of the TSX-V. He also served on the Board of Directors of Dolce Enterprises Inc., a public company trading on the TSX-V from June to December 2006. Mr. Windle holds a Bachelor of Commerce degree from the University of Alberta.

All of the members of the Audit Committee have been either directly or indirectly involved in the preparation of the financial statements, filing of quarterly and annual financial statements, dealing with auditors, or as a member of the Audit Committee. All members of the Audit Committee have the ability to read, analyze and understand the complexities surrounding the issuance of financial statements.

Audit Committee Oversight

At no time since the commencement of the Company's most recently completed financial year was a recommendation of the Committee to nominate or compensate an external auditor not adopted by the Board.

Reliance on Certain Exemptions

At no time since the commencement of the Company's most recently completed financial year has the Company relied on the exemption in Section 2.4 of NI 52-110 (De Minimis Non-audit Services), or an exemption from NI 52-110, in whole or in part, granted under Part 8 of NI 52-110 (securities regulatory authority exemption).

Pre-Approval Policies and Procedures

The Audit Committee had adopted specific policies and procedures for the engagement of non-audit services as described above under the heading "*Audit Committee Terms of Reference - External Auditors*".

External Auditor Service Fees

The aggregate fees billed by the Company's external auditors in each of the last two fiscal years for audit and other fees are as follows:

Financial Year Ending September 30	Audit Fees	Audit Related Fees	Tax Fees	All Other Fees
2011	$30,000 (1)	Nil	Nil	Nil
2010	$32,000	Nil	Nil	Nil

Note:

(1) Estimated fees.

Exemption

The Company is relying upon the exemption in section 6.1 of NI 52-110.

CORPORATE GOVERNANCE

Corporate governance relates to the activities of the Board, the members of which are elected by and are accountable to the shareholders, and takes into account the role of the individual members of management who are appointed by the Board of Directors and who are charged with the day to day management of the Company. The Board of Directors is committed to sound corporate governance practices which are both in the interest of its shareholders and contribute to effective and efficient decision making.

Pursuant to National Instrument 58-101 *Disclosure of Corporate Governance Practices* ("**NI 58-101**"), the Company is required to disclose its corporate governance practices as summarized below.

Board of Directors

The Board is currently comprised of four members. All of these individuals are nominated for re-election at the Meeting. Mr. David A. Burroughs, Mr. Michael Windle and Mr. Elias Foscolos are the independent directors of the Company (within the meaning of NI 58-101).

Mr. Jerry J. Budziak, the CEO and President of the Company, is a member of management and, as a result, not an independent director.

NI 58-101 suggests that the board of directors of a public company should be constituted with a majority of individuals who qualify as "independent" directors. An "independent" director is a director who has no direct or indirect material relationship with the Company. A material relationship is a relationship which could, in the view of the Board, reasonably interfere with the exercise of a director's independent judgement. As disclosed above, the Board is comprised of a majority of independent directors. The independent judgement of the Board in carrying out its responsibilities is the responsibility of all directors. The Board of the Company facilitates independent supervision of management through meetings of the Board and through frequent informal discussions among independent members of the Board and management. In addition, the Board have free access to the Company's external auditors, legal counsel and to any of the Company's officers.

Directorships

The following directors of the Company are presently directors of other reporting issuers:

Name	Name of Reporting Issuer
David A. Burroughs	Hermes Financial Inc.
Elias Foscolos	Acorn Income Corp.; Banff Rocky Mountain Resort Limited Partnership; Genesis Land Development Corp.
Michael Windle	Breaking Point Developments Inc.

Orientation and Continuing Education

Each new director is given an outline of the nature of the Company's business, its corporate strategy and current issues with the Company. New directors are also expected to meet with management of the Company to discuss and better understand the Company's business and are advised by counsel to the Company of their legal obligations as directors of the Company. New directors are also given copies of the Company's policies.

The introduction and education process will be reviewed on an annual basis by the Board and will be revised as necessary.

Ethical Business Conduct

The Board has considered adopting a written code of business conduct and ethics and has decided that it is not necessary to adopt such a code at the present time.

The Board has found that the fiduciary duties placed on individual directors by the Company's governing corporate legislation and the common law and the restrictions placed by applicable corporate legislation on an individual director's participation in decisions of the Board in which the director has an interest have been sufficient to ensure that the Board operates independently of management and in the best interests of the Company.

Under corporate legislation, a director is required to act honestly and in good faith with a view to the best interests of the Company and exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. In addition, as the directors of the Company also serve as directors and officers of other companies engaged in similar business activities, directors must comply with the conflict of interest provisions of the *Business Corporations Act* (Alberta), as well as the relevant securities regulatory instruments, in order to ensure that directors exercise independent judgment in considering transactions and agreements in respect of which a director or officer has a material interest. Any interested director would be required to declare the nature and extent of his interest and would not be entitled to vote at meetings of directors which evoke such a conflict.

Nomination of Directors

The Board has not appointed a nominating committee. The Board determines new nominees to the Board although no formal process has been adopted. The nominees are generally the result of recruitment efforts by the Board members including both formal and informal discussions among the Board members and officers.

Compensation

The Compensation Committee is composed of a majority of independent directors. The members of the Compensation Committee are listed under "*PARTICULARS OF MATTERS TO BE ACTED UPON - Election of Directors*". The responsibilities of the Compensation Committee include reviewing and recommending to the Board the compensation policies and guidelines for management and personnel, corporate benefits, bonuses and other incentives.

Other Board Committees

The Company has no standing Committees at this time other than the Audit Committee and the Compensation Committee, as discussed above and the Safety and Environmental Committee. The member of the Safety and Environmental Committee are listed under "*PARTICULARS OF MATTERS TO BE ACTED UPON - Election of Directors*". The responsibilities of the Safety and Environmental Committee include obliging management and employees to be aware of compliance obligations and promote a commitment to safety and environment at all levels.

Assessments

The Board has not implemented a formal process for assessing its effectiveness or the effectiveness of its individual members or its committees. As a result of the Company's size, its stage of development and the limited number of individuals on the Board, the Board considers a formal assessment process to be unnecessary at this time. The Board plans to continue evaluating its own effectiveness on an ad hoc basis.

PARTICULARS OF MATTERS TO BE ACTED UPON

To the knowledge of the Board, the only matters to be brought before the Meeting are those matters set forth in the accompanying Notice of Meeting.

Report and Financial Statements

The Board has approved all of the information in the audited financial statements of the Company for the year ended September 30, 2010 and the report of the auditor thereon, copies of which are available on SEDAR at www.sedar.com.

Fix Number of Directors to be Elected at the Meeting

Shareholders of the Company will be asked to consider and, if thought appropriate, to approve and adopt an ordinary resolution fixing the number of directors to be elected at the Meeting. In order to be effective, an ordinary resolution requires the approval of a majority of the votes cast by shareholders who vote in respect of the resolution.

At the Meeting, it will be proposed that four (4) directors be elected to hold office until the next annual general meeting or until their successors are elected or appointed. **Unless otherwise directed, it is the intention of the Management Designees, if named as proxy, to vote in favour of the ordinary resolution fixing the number of directors to be elected at the Meeting at four (4).**

Election of Directors

The Company currently has four (4) directors and all of these directors are being nominated for re-election. The following table sets forth the name of each of the persons proposed to be nominated for election as a director, all positions and offices in the Company presently held by such nominee, the nominee's municipality of residence, principal occupation at the present and during the preceding five years, the period during which the nominee has served as a director, and the number and percentage of Common Shares of the Company that the nominee has advised are beneficially owned by the nominee, directly or indirectly, or over which control or direction is exercised, as of the Effective Date.

Unless otherwise directed, it is the intention of the Management Designees, if named as proxy, to vote for the election of the persons named in the following table to the Board of Directors. Management does not contemplate that any of such nominees will be unable to serve as directors; however, if for any reason any of the proposed nominees do not stand for election or are unable to serve as such, **proxies held by Management Designees will be voted for another nominee in their discretion unless the shareholder has specified in his Instrument of Proxy that his Common Shares are to be withheld from voting in the election of directors.** Each director elected will hold office until the next annual general meeting of shareholders or until his successor is duly elected, unless his office is earlier vacated in accordance with the by-laws of the Company or the provisions of the ABCA to which the Company is subject.

Name, Municipality of Residence, Office and Date Became a Director	**Present Occupation and Positions Held During the Last Five Years**	**Number and Percentage of Common Shares Held or Controlled as at the Date of this Circular[(1)]**
Jerry J. Budziak [(4)] Calgary, Alberta October 2006	President and CEO of the Company.	6,066,000 (21.0%)
David A. Burroughs [(2) (3)] Edmonton, Alberta February 2005	RBU Manager of Weatherford Engineered Chemistry and President of Simonette Rentals.	2,720,000 (9.4%)
Michael Windle [(2) (3)] Calgary, Alberta February 2005	President of 1143536 Alberta Ltd., a private company engaged in business development consulting to the oil and gas industry; President, CEO and a director of Breaking Point Developments Inc., a Capital Pool Company as defined by the policies of the TSX-V.	100,000 (<1%)

Name, Municipality of Residence, Office and Date Became a Director	Present Occupation and Positions Held During the Last Five Years	Number and Percentage of Common Shares Held or Controlled as at the Date of this Circular[(1)]
Elias Foscolos [(2)] Calgary, Alberta May 2009	President, CEO and Director of Accretive Financial Corp.; President, CEO and CFO of Acorn Income Corp.; President and CFO of Amalgamated General Partner Ltd.	2,912,000 [(5)] (10.1%)

Notes:

(1) The information as to shares beneficially owned, not being within the knowledge of the Company, has been furnished by the respective directors.
(2) Members of the Company's Audit Committee.
(3) Member of the Company's Compensation Committee.
(4) Member of the Company's Safety and Environmental Committee.
(5) In respect of Mr. Foscolos' holdings of Common Shares, 605,000 Common Shares are held by Accretive Financial Corp., a company owned and controlled by Mr. Foscolos, and 1,281,000 Common Shares are held by the spouse of Mr. Foscolos.

Cease Trade Orders

No proposed director, within 10 years before the date of this Circular, has been a director, CEO or CFO of any company that:

(a) was subject to: (i) a cease trade order; (ii) an order similar to a cease trade order; or (iii) an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days (collectively, an "**Order**") that was issued while the proposed director 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 proposed director 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, CEO or CFO;

except for:

(c) Elias Foscolos, who is a director of Banff Rocky Mountain Resort Ltd., the general partner of Banff Rocky Mountain Resort Limited Partnership, which limited partnership was, from May 12, 2008, subject to cease trade orders of the Alberta Securities Commission and the Ontario Securities Commission for failing to file audited financial statements for the year ended December 31, 2007, such cease trade orders being revoked on November 28, 2008.

Bankruptcies

No proposed director, within 10 years before the date of this Circular, has been a director or executive officer of any company that, while the proposed director was acting in that capacity, or within a year of the proposed director 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.

Personal Bankruptcies

No proposed director has, within 10 years before the date of this Circular, 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 such proposed director.

Penalties and Sanctions

No proposed director 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 securityholder in deciding whether to vote for a proposed director,

other than a settlement agreement entered into before December 31, 2000 that would likely not be important to a reasonable securityholders in deciding whether to vote for a proposed director.

Appointment of Auditor

The shareholders of the Company will be asked to vote for the appointment of Buchanan Barry LLP, Chartered Accountants **("Buchanan Barry LLP"),** as auditor of the Company. **Unless directed otherwise by a proxy holder, or such authority is withheld, the Management Designees, if named as proxy, intend to vote the Common Shares represented by any such proxy in favour of a resolution appointing Buchanan Barry LLP, as auditor of the Company for the next ensuing year,** to hold office until the close of the next annual general meeting of shareholders or until Buchanan Barry LLP is removed from office or resigns as provided by the Company's by-laws, and the Management Designees also intend to vote the Common Shares represented by any such proxy in favour of a resolution authorizing the Board to fix the compensation of the auditor. Buchanan Barry LLP has been the Company's auditor since November 30, 2007.

Approval of 2011 Stock Option Plan

The Company has a stock option plan (the "**Plan**") previously approved by the Shareholders on August 24, 2010.

Effective as of January 1, 2011, the Board approved an amendment to the Plan with respect to the new requirements of the Canada Revenue Agency ("**CRA**") whereby a public company is required to withhold and remit to the government benefits realized upon the exercise of stock options in compliance with the new payroll remittance requirements that came into force on January 1, 2011. In 2010, the Minister of Finance announced new employee stock option withholding obligations, which became effective on January 1, 2011. Prior to 2011, in many, if not most, situations, a public company could avoid withholding amounts from employees on the exercise of stock options either by relying on provisions of the *Income Tax Act* (Canada) (the "**Tax Act**") or certain administrative positions of the CRA. Effective January 1, 2011 however, a public company must withhold and remit amounts from the employment benefit realized on the exercise of an employee stock option. The Plan now includes a provision that provides the Company with authority to take steps for the deduction and withholding, or for the advance payment or reimbursement by an option holder to the Company, of any taxes or other required source deductions which the Company is required by law or regulation of any governmental authority whatsoever to remit in connection with the Plan, or any issuance of Common Shares. A copy of the Plan, as amended, is attached hereto as **Schedule "H".**

The Plan has also been amended to allow for option termination dates on ceasing to act for an issuer to be extended at the discretion of the Board, allows for options to be granted for up to 10 years and includes a black out provision, which was not included in the Plan.

On December 15, 2008, the TSX-V implemented changes to streamline its Policies, including Policy 4.4 relating to incentive stock options. The amended Policy 4.4 of the TSX-V is less restrictive and now allows for option termination dates on ceasing to act for an issuer to be determined at the discretion of the board and for options to be

granted for up to 10 years. Pursuant to the amended Plan, the maximum length of any option shall be ten (10) years from the date the option is granted. Notwithstanding the above, a participant's options will expire ninety (90) days after a participant ceases to act for the Company, other than by reason of death, subject to extension at the discretion of the Board. Options of a participant that provides investor relations activities will expire 30 days after the cessation of the participant's services to the Company, subject to extension at the discretion of the Board. Under the amended Plan, in the event of the death of a participant, the participant's estate shall have twelve (12) months in which to exercise the outstanding options.

Pursuant to the policies of the Company respecting restrictions on trading, there are a number of periods each year during which directors, officers and certain employees are precluded from trading in the Company's securities. These periods are referred to as "black out periods". A black out period is designed to prevent a person from trading while in possession of material information that is not yet available to other shareholders. The amended Plan includes a provision that should an option expiration date fall within a black out period or immediately following a black out period, the expiration date will automatically be extended for ten business days following the end of the black out period.

The other terms of the Plan are summarized as follows. The Plan shall be administered by the Board or if appointed, by a special committee of directors appointed from time to time by the Board. The aggregate number of Common Shares which may be reserved for issuance under the Plan shall not exceed 10% of the Company's issued and outstanding Common Shares. The number of Common Shares subject to an option granted to a participant shall be determined by the Board, but no participant shall be granted an option which exceeds the maximum number of shares permitted by any stock exchange on which the Common Shares are then listed, or other regulatory body having jurisdiction. The exercise price of the Common Shares covered by each option shall be determined by the Board, provided however, that the exercise price shall not be less than the price permitted by any stock exchange on which the Common Shares are then listed, or other regulatory body having jurisdiction. The Board have the absolute discretion to amend or terminate the Plan.

Policy 4.4 of the TSX-V requires that rolling stock option plans must receive shareholder approval yearly, at an issuer's annual general meeting. In accordance with Policy 4.4, Shareholders will be asked to consider and if thought fit, approve an ordinary resolution approving, adopting and ratifying the Plan as the Company's Plan.

The text of the ordinary resolution to be considered at the Meeting will be substantially as follows:

"Be it resolved as an ordinary resolution of the Company that:

1. **the stock option plan of the Company be approved substantially in the form attached as Schedule "H" to the Management Information Circular of the Company dated January 6, 2012 (the "Plan") and the Plan be and is hereby ratified, approved and adopted as the stock option plan of the Company;**

2. **the form of the Plan may be amended in order to satisfy the requirements or requests of any regulatory authorities without requiring further approval of the shareholders of the Company;**

3. **the issued and outstanding stock options previously granted shall be continued under and governed by the Plan;**

4. **the shareholders of the Company hereby expressly authorize the Board of Directors to revoke this resolution before it is acted upon without requiring further approval of the shareholders in that regard; and**

5. **any one (or more) director or officer of the Company is authorized and directed, on behalf of the Company, to take all necessary steps and proceedings and to execute, deliver and file any and all declarations, agreements, documents and other instruments and do all such other acts and things (whether under corporate seal of the Company or otherwise) that may be necessary or desirable to give effect to this ordinary resolution."**

Unless otherwise directed, it is the intention of the Management Designees to vote proxies in favour of the resolution approving the Plan. In order to be effective, an ordinary resolution requires approval of a majority of the votes cast by Shareholders who vote in respect to the resolution.

Approval of Going Private Transaction

Going Private Transaction - The Pre-Redemption Amendment, the Redemption and the Post-Redemption Steps

The Pre-Redemption Amendment

At the Meeting, Shareholders will be asked to consider and, if thought advisable, approve, with or without variation, the Pre-Redemption Amendment Resolution, the text of which is set out in **Schedule "A"** to this Circular, which if passed, will result in the Company carrying out the Redemption (and thereby being taken private) in accordance with the terms and conditions set forth in the Support Agreement.

Assuming the Pre-Redemption Amendment Resolution receives the requisite approvals by the Shareholders and Minority Shareholders at the Meeting, and all other terms and conditions of the Support Agreement are satisfied or waived (if capable of being waived), the Pre-Redemption Amendment will be effected forthwith upon such approval.

If adopted, the Pre-Redemption Amendment Resolution will amend the Articles to add a redemption provision to the Common Shares to permit the redemption by the Company, without prior notice, at any time prior to March 1, 2012 or such later date as the Board may determine or ratify, of all or any of its Common Shares at a redemption price of Cdn.$0.040 per Common Share.

The Redemption

It is intended that prior to the Meeting, a meeting of the Board will be convened to pass a resolution to carry out the Redemption which resolution shall specify that the Redemption shall be effected as soon as practicable after, and only in the case where: (i) the requisite Shareholder and Minority Shareholder approvals to the Pre-Amendment Resolution are obtained; and (ii) not more than 15% of the Shareholders (on a fully diluted basis) have exercised, or taken steps to exercise, dissent rights in connection with the Pre-Redemption Amendment Resolution. Based on the current shareholder list, it is expected that there will be approximately five (5) Remaining Shareholders after the Redemption, being the Majority Shareholders.

Assuming the requisite Shareholder approvals are received, the Pre-Redemption Amendment and the Redemption will be effected as soon as practicable after such approvals.

The Consideration

Pursuant to the Redemption, each Minority Shareholder will be entitled to receive a cash payment of Cdn.$0.040 for each Common Share held by that Minority Shareholder.

Source of Funds

For purposes of the Going Private Transaction, the Consideration to be paid to Minority Shareholders and the amount to be paid to any Dissenting Shareholder will be provided by the Company from available cash on hand and/or from available credit facilities. In addition thereto, the Management Participants have agreed to provide the Consideration, or a portion thereof, as may be required by the Company to complete the Redemption. Assuming that all the Common Shares held by the Minority Shareholders are redeemed, the aggregate amount to be paid by the Company is $687,178.80, exclusive of related fees and expenses payable by the Company (Depository, legal and other advisory fees, together with printing and mailing costs) which managements estimates to be in the range of $85,000 to $140,000.

Notice of Redemption

Should the Redemption be effected pursuant to the terms of the Support Agreement as further described in this Circular, the Company shall immediately issue a news release to such effect, and Minority Shareholders will not receive any further notice with respect to the Redemption of their Common Shares.

Post-Redemption Steps

The Redemption will, in effect, "privatize" the Company. The Common Shares are currently listed for trading on the TSX-V. As part of the Going Private Transaction, the Company intends to apply to have its Common Shares de-listed from the TSX-V after the completion of the Redemption. The Company also intends to apply to the applicable securities regulatory authorities to cease to be a reporting issuer in each province in which it is currently a reporting issuer after the completion of the Redemption.

In the event Shareholder approval is not given to the Pre-Redemption Amendment Resolution, the Redemption will not become effective. If the Redemption is not implemented the Going Private Transaction will not be completed. In such a case, any Letter of Transmittal completed by a Registered Shareholder will be of no effect and the Depositary will return all surrendered certificates representing Common Shares to the holders thereof as soon as practicable.

Background and Special Committee Matters

Formation and Organization of the Special Committee

In November 2011, informal internal discussions began with regard to the possibility of taking the Company private due to a number or reasons, including the significant expense of being listed on the TSX-V and subject to the reporting issuer obligations, the lack of liquidity of the Common Shares and the lack of access to capital notwithstanding the Company's listing on the TSX-V. As discussions continued it was determined that the Majority Shareholders, who collectively hold approximately 40.5% of the Company's issued and outstanding Common Shares, would support a Going Private Transaction by the Company.

It was at this point that the Company contacted Davis LLP ("**Davis**"), the Company's Canadian securities counsel, to discuss particulars of how a going private transaction may be best structured in the Company's circumstances, and to begin the formalization of a proposed plan.

In late November, working in conjunction with Davis, the Company reached a basic understanding relating to the structure and timing of a proposed Going Private Transaction. Davis advised that the Company to establish a special committee to review the transaction, and that certain governance requirements and practices would need to be observed, including the appointment of an independent committee of directors and their engagement of an independent financial advisor and independent legal counsel.

Consistent with the foregoing, a written proposal regarding the Going Private Transaction was delivered to the Board by management on November 25, 2011, at which time the Board established a special committee comprised of Michael Windle, the only "independent" director within the meaning of MI 61-101. Mr. Windle holds 100,000 Common Shares of the Company and is not a Majority Shareholder.

On November 30, 2011, the Special Committee engaged Probity Capital as its independent financial advisor.

The Company is subject to TSX-V Policy 5.9, which incorporates the provisions of MI 61-101. MI 61-101 provides that, unless exempted, an issuer proposing to carry out a "business combination" or an "issuer bid" (as such terms are described in MI 61-101) is required to engage an independent valuator to prepare a formal valuation if, among other things, an interested party would, as a consequence of the transaction, directly or indirectly, acquire the issuer or the business of the issuer. Part 4.4(1)(a) of MI 61-101 exempts from the Company from the requirement to provide a formal valuation in the context of a "business combination" since the securities of the Company are not listed or quoted on certain specified markets identified therein; however, no similar exemption is available under MI 61-101 in the context of an "issuer bid".

Therefore, at the request of the Special Committee, Probity Capital prepared the Probity Capital Valuation upon which the Special Committee placed particular attention in making their recommendation as set out herein.

Summary of Proceedings of the Special Committee

The Special Committee, carefully considered (a) the responsibilities of the Special Committee to the Board; (b) the regulatory requirements applicable to the Going Private Transaction; (c) relevant issues arising from the structure of the Going Private Transaction, including the fact that the Going Private Transaction may be considered to be both a "business combination" and an "issuer bid" under TSX-V Policy 5.9, which incorporates the provisions of MI 61-101; (d) the Fairness Opinion, including the assumptions and limitations contained therein; (e) the Probity Capital Valuation; (f) the merits of the proposed Going Private Transaction; and (g) the terms of the Support Agreement.

Following its deliberations, the Special Committee unanimously (with no abstentions and with no variation of opinion) determined that the Going Private Transaction is in the best interests of the Company and that the Consideration to be received by the Minority Shareholders pursuant to the Redemption is fair, from a financial point of view, to Minority Shareholders and resolved to recommend to the Board that it approve the Going Private Transaction and recommend to the Shareholders that they vote in favour of the Pre-Redemption Amendment Resolution.

Reasons for the Going Private Transaction; Special Committee Recommendation

On January 6, 2012, the Special Committee concluded that the Going Private Transaction is in the best interests of the Company and that the Consideration to be received by the Minority Shareholders pursuant to the Redemption is fair, from a financial point of view, to the Minority Shareholders and it unanimously recommended that the Board approve the Going Private Transaction and recommend to the Shareholders that they vote FOR the Pre-Redemption Amendment Resolution. In reaching its conclusions with respect to the Going Private Transaction, the Special Committee considered a number of factors, including, but not limited to the receipt of the Probity Capital Valuation and the Fairness Opinion, which are reproduced in **Schedules "F"** and **"B"** to this Circular respectively, that concludes the Redemption is fair, from a financial point of view, to the Minority Shareholders.

The Special Committee considered the Fairness Opinion carefully, and paid particular attention to Probity Capital opinion that the Consideration to be received by the Minority Shareholders pursuant to the Redemption is fair, from a financial point of view, to the Minority Shareholders. In addition to the Fairness Opinion, the Special Committee considered the following factors:

1. in light of the low trading volume in the Common Shares, the Company is of the view that, were it not for the Redemption, it would be difficult for Minority Shareholders to dispose of their Common Shares and realize a return on their investment;

2. the range of values presented in the Probity Capital Valuation;

3. historically the market for the Common Shares has been illiquid, with market activity in 2011 relating primarily to insiders buying or selling and the Company's normal course issuer bid;

4. the Redemption will provide the Minority Shareholders an opportunity to sell their Common Shares for cash with no brokerage fees or commissions;

5. the completion of the Redemption, accompanied by the delisting from the TSX-V and the receipt of an order to cease to be a reporting issuer in Alberta and British Columbia, is expected to enable the Company to significantly reduce its annual expenses associated with being listed and holding reporting issuer status;

6. the Minority Shareholders will realize, in respect of their Common Shares for a premium to the 30 day weighted average trading price for the Common Shares on the TSX-V; and

7. the Company has limited access to capital at non-dilutive levels which has significantly impaired the Company's prospects for growth.

In its review of the proposed terms of the Redemption, the Special Committee and the Board also considered a number of elements of the Going Private Transaction that provide protection to the Shareholders:

1. the Pre-Redemption Amendment Resolution must be approved by at least two-thirds of the votes cast by Shareholders, voting together as a single class, present in person or represented by proxy at the Meeting;

2. pursuant to TSX-V Policy 5.9 and MI 61-101, the Pre-Redemption Amendment Resolution must also be approved by a majority of the Minority Shareholders; and

3. the Shareholders will be granted the right to dissent with respect to the Pre-Redemption Amendment Resolution and receive the fair value of their Common Shares through a court proceeding in which a court could determine that the fair value is more than, equal to, or less than the Consideration from the Redemption.

The foregoing discussion of the information and factors considered by the Special Committee and the Board is not intended to be exhaustive, but includes the material factors that were considered in its decision. In view of the variety of factors considered in connection with its evaluation of the Going Private Transaction, the Special Committee did not find it practicable to, and did not, quantify or otherwise assign relative weights to the specific factors considered in reaching its recommendation. In addition, individual members of the Special Committee and the Board may have given differing weights to different factors.

Price Range and Trading Volumes of the Common Shares

The Common Shares are currently listed on the TSX-V under the symbol "SEW". The following table sets forth the high and low prices and aggregate volume of sales of the Common Shares traded on the TSX-V for the past 12 months:

	High (Cdn.$)	**Low (Cdn.$)**	**Volume**
January 2011	0.045	0.035	388,000
February 2011	0.085	0.040	9,514,960
March 2011	0.070	0.045	1,266,750
April 2011	0.060	0.045	662,800
May 2011	0.050	0.045	906,000
June 2011	0.045	0.035	148,000
July 2011	0.045	0.035	326,000
August 2011	0.040	0.035	441,700
September 2011	0.035	0.030	1,030,785
October 2011	0.050	0.030	2,407,000
November 2011	0.045	0.035	347,500
December 2011	0.035	0.030	440,000
January 1 - 5, 2012 [(1)]	-	-	nil

Note: (1) The Company publically announced the Going Private Transaction on January 6, 2012. The Common Shares closing price on the TSX-V on January 5, 2012 was $0.030 per share.

Dividend Policy

The Company has not declared or paid any dividends with respect to the Common Shares during the two years prior to the date of this Circular. There is currently no restriction on the ability of the Company to pay dividends.

Previous Distributions of Common Shares

During the five years prior to the date of this Circular, the Company distributed Common Shares as indicated in the table below:

Year of Distribution	Number of Common Shares Distributed	Nature of Distribution	Issuance Price per Common Share	Gross Proceeds
2007	160,000	exercise of agents options	$0.10	$16,000
	360,000	exercise of stock options	$0.10	$36,000
2008	1,000,000 (1)	acquisition	deemed price of $0.10 per share	N/A
2009	5,000,000	private placement	$0.05	$250,000
2010	-	-	-	-
2011	-	-	-	-

Note:

(1) 1,000,000 Common Shares were issued by the Company to acquire all the issued and outstanding shares of Southern Consulting Ltd.

Recommendation of the Board

After due consideration of the report of the Special Committee and the unanimous recommendation by the Special Committee, the Board, with Jerry J. Budziak, David A. Burroughs and Elias Foscolos as interested directors abstaining from voting, resolved that the Going Private Transaction is in the best interests of the Company and the Consideration to be received by the Minority Shareholders pursuant to the Redemption is fair, from a financial point of view to the Minority Shareholders. **The Board therefore recommends that all Shareholders vote FOR the Pre-Redemption Amendment Resolution. The text of the Pre-Redemption Amendment Resolution is set out in Schedule "A" to this Circular. Unless instructed otherwise, the Management Designees in the accompanying Instrument of Proxy intend to vote FOR the Pre-Redemption Amendment Resolution in order to give effect to the Going Private Transaction.**

Engagement of Probity Capital

Pursuant to an engagement agreement executed November 30, 2011 (the "**Engagement Agreement**"), the Special Committee engaged Probity Capital to act as its exclusive independent financial advisor in connection with the Going Private Transaction. Probity Capital advised the Special Committee that it is a boutique financial advisory firm offering a range of advisory services, including the preparation of valuations and fairness opinions. Among other things, this engagement contemplated that Probity Capital would provide a formal valuation with respect to the fair market value of the issued and outstanding Common Shares and, if necessary or advisable, provide its opinion as to the fairness, from a financial point of view, of the Redemption to the Minority Shareholders.

The Special Committee has been advised by Probity Capital that neither itself, nor any of its affiliates, is an insider or associate or affiliate (as those terms or similar terms are defined in the *Securities Act* (Alberta) or MI 61-101, as applicable) of the Company, the Majority Shareholders or any of their respective associates or affiliates. Probity Capital has not been engaged to provide any financial advisory services, nor has it participated in any financings involving the Company, the Majority Shareholders or any of their respective associates or affiliates. There are no understandings, agreements or commitments between Probity Capital, the Company, the Majority Shareholders or any of their respective associates or affiliates with respect to any future business dealings. Probity Capital may, in the future, in the ordinary course of its business, perform financial advisory or investment banking services for the Company, the Majority Shareholders or any of their respective associates or affiliates.

Having reviewed all such circumstances, the Special Committee concluded that Probity Capital is a qualified valuator and independent within the meaning of MI 61-101 in the preparation of the Probity Capital Valuation.

The terms of the Engagement Agreement provide that Probity Capital be paid a fixed cash fee (plus applicable taxes) for its services as financial advisor inclusive, of its fees for delivery of the Probity Capital Valuation and Fairness Opinion. In addition, Probity Capital is to be reimbursed for its reasonable out-of-pocket expenses, including legal fees and the out-of-pocket expenses of its counsel. The fees and expenses of Probity Capital are not contingent in whole or in part upon the outcome of the Going Private Transaction and Probity Capital has no financial interest in the Company or in any of its affiliates that may be affected by the Going Private Transaction. The Special Committee has determined that that the compensation to be paid to Probity Capital for its services under the Engagement Agreement has not in any way interfered with the independent of Probity Capital.

Fairness Opinion

On January 6, 2012, Probity Capital delivered to the Special Committee, its written opinion that subject to the assumptions and limitations contained in the Fairness Opinion, the Consideration to be received by the Minority Shareholders pursuant to the Redemption is fair, from a financial point of view, to the Minority Shareholders. A copy of the Fairness Opinion, setting forth the credentials of Probity Capital, the scope of its review, the assumptions and limitations relating to its opinion, methodology employed and fairness considerations, is reproduced in full at **Schedule "B" to this Circular. Shareholders are urged to read the full text of the Fairness Opinion.**

Probity Capital Valuation

On January 6, 2012, Probity Capital delivered the Probity Capital Valuation to the Special Committee, in which Probity Capital determined, on the basis of its review and the factors and considerations reflected in the Probity Capital Valuation and the assumptions necessary to the formulation of the conclusions reached, it is the opinion that the *en bloc* fair market value of the Common Shares of the Company as at October 31, 2011, falls in a range of $842,000 to $1,190,000, or $0.029 to $0.041 on a per Common Share basis. **A copy of the Probity Capital Valuation is attached as Schedule "F" to this Circular. Shareholders should read the Probity Capital Valuation in its entirety. Additional copies of the Probity Capital Valuation are available at the office of the Company, at Suite 1250, 700 - 4th Avenue S.W., Calgary, Alberta T2P 3J4, (403) 235-4486, during normal business hours.**

Prior Valuations and Offers

To the knowledge of the Company or any director or senior officer of the Company, after reasonable inquiry, no "prior valuations" (as defined in MI 61-101) regarding the Company have been prepared within the two years preceding the date hereof. To the knowledge of the Company or to any director or senior officer of the Company, after reasonable inquiry, no *bona fide* prior offers relating to the Common Shares has been received within the two years preceding the date the Going Private Transaction was publically announced.

Summary of the Support Agreement

The Support Agreement contains various covenants, representations and warranties and conditions precedent to the obligations, of each of the Company and the Management Participants in respect of the Going Private Transaction. The following summary of the Support Agreement is not exhaustive and is qualified in its entirety by reference to the full text of the Support Agreement, a copy of which is attached hereto as **Schedule "G"**.

Covenants

Pursuant to the Support Agreement, the Company has covenanted and agreed (among other covenants and agreements contained in the Support Agreement) from the date of the Support Agreement until the earlier of the Completion Date and the termination of the Support Agreement, except as otherwise expressly permitted or specifically provided by the Support Agreement:

(a) not to take any action that would render, or may reasonably be expected to render, any representation or warranty made by it in the Support Agreement untrue in any material respect at any time prior to the Completion Date;

(b) not to adjourn, delay or postpone the Meeting or the Meeting Date without the Management Participants' prior written consent unless (i) required by applicable law or the rules of the TSX-V; or (ii) required by a court of competent jurisdiction or required by or as a result of any requirements imposed by any securities regulatory authority having jurisdiction over the Company, provided that any adjournment, delay or postponement permitted pursuant to (i) and (ii) above shall be limited to the minimum length of time necessary;

(c) not to issue any additional Common Shares or any securities which may be exercised for or converted into Shares (other than Common Shares issuable pursuant to the exercise of previously issued convertible securities of the Company); and

(d) not to purchase for cancellation any additional Common Shares under the normal course issuer bid of the Company as described in the TSX-V Form 4G - *Notice of Intention to Make a Normal Course Issuer Bid* dated February 10, 2011.

The Company has also covenanted and agreed pursuant to the Support Agreement to use its commercially reasonable efforts to perform all obligations required to be performed by it under the Support Agreement and to perform all such other acts as may be necessary in order to consummate the transactions contemplated thereby, and without limiting the generality of the foregoing, the Company has agreed to:

(a) prior to the date of mailing of this Circular, appoint the Depositary and enter into the Depositary Agreement;

(b) make all necessary filings and applications under Canadian federal and provincial laws and regulations required to be made on the part of the Company in connection with the Going Private Transaction and the Meeting and take all commercially reasonable action necessary to be in compliance with such laws and regulations;

(c) do all things necessary to implement the Pre-Redemption Amendment and the Redemption and cooperate with all reasonable requests of the Majority Shareholders in respect thereof;

(d) do all things necessary to obtain the approval of the Going Private Transaction from the TSX-V;

(e) not less than ten (10) Business Days prior to the Meeting Date, make a written request to the Management Participants for delivery of the Consideration or a portion thereof, if required to ensure the Company has sufficient funds to pay for the Redemption in accordance with the terms contemplated therein;

(f) not less than two Business Days prior to the Meeting Date, convene a meeting of the Board to consider, and if thought fit, pass the Redemption Resolution;

(g) as soon as practicable after the Effective Date, deliver the Redemption Funds to the Depositary and cause the Depositary to: (i) make payment of the Consideration (in accordance with the terms of the Depositary Agreement) to the Minority Shareholders who tender their Shares to the Depositary through the Letter of Transmittal; and (ii) remove all such Minority Shareholders (including relevant Dissenting Shareholders) from the Register of Shareholders; and

(h) as soon as practicable after the Completion Date: (i) make application to the TSX-V to delist its Shares in accordance with the Going Private Transaction; and (ii) make application to cease to be a reporting issuer in the provinces of Alberta and British Columbia.

Pursuant to the Support Agreement, the Management Participants covenanted and agreed (among other covenants and agreements contained in the Support Agreement) that from the date of the Support Agreement until the earlier of the Completion Date or termination of the Support Agreement, except as otherwise expressly permitted or specifically provided by the Support Agreement:

(a) not to take or permit any action that would render, or may reasonably be expected to render, any representation or warranty made by each of them in the Support Agreement untrue in any material respect at any time prior to the Completion Date;

(b) to provide the Company with immediate notice of any additional Common Shares that the Management Participants may hereafter become the beneficial owner of or exercise control or direction over; and

(c) use their commercially reasonable efforts not to permit the sale or gifting of any of the Subject Shares.

The Management Participants also covenanted and agreed pursuant to the Support Agreement to use their commercially reasonable efforts to perform all obligations required to be performed by them under the Support Agreement and to perform all such other acts as may be necessary in order to consummate the transactions contemplated by the Support Agreement, and without limiting the generality of the foregoing, the Management Participants agreed to:

(a) cause all of the Subject Shares to be voted in favour of the Pre-Redemption Amendment Resolution at the Meeting;

(b) cause the Majority Shareholders not withdraw any proxies (if any) delivered to the Company, the Transfer Agent of the Depository in connection with the Meeting;

(c) use commercially reasonable efforts to have the Majority Shareholders (other than the Management Participants), to execute and deliver to the Company, a voting agreement, in a form acceptable to the Management Participants and the Company, expressing the Majority Shareholders (other than the Management Participants) understanding of the effects of the Going Private Transaction, and expressing their support (including their agreement to vote in favour of the Pre-Redemption Amendment Resolution) for the transactions contemplated in this Agreement;

(d) provide the Company with all relevant information concerning them for inclusion in the Circular to enable to Company to comply with applicable laws; and

(e) subject to receiving a written request of the Company, deliver the Consideration or a portion thereof, to the Depositary not less than two (2) Business Days prior to the Meeting Date.

Representations and Warranties

Pursuant to the Support Agreement the Company has represented and warranted to and with the Management Participants are as follows and acknowledged that the Management Participants are relying upon such representations and warranties in connection with the matters contemplated by the Support Agreement:

(a) the Board, upon consultation with its legal and financial advisors and having considered the favourable recommendation of the Special Committee, has, subject to the disclosure of interests and abstentions by all interested directors, unanimously determined that the Consideration offered to the Minority Shareholders pursuant to the Redemption is fair and that the Going Private Transaction as a whole is in the best interests of the Company and its Minority Shareholders, and has, subject to the disclosure of interests and abstentions by all interested directors, unanimously approved the Pre-Redemption Amendment and the entering into of the Support Agreement, and has resolved to unanimously recommend that the Shareholders vote in favour of the Pre-Redemption Amendment Resolution;

(b) the Company has sufficient funds, or adequate arrangements are in place to ensure that it will have sufficient funds, to deliver the Redemption Funds to the Depository not less than two Business Days prior to the meeting date;

(c) the payment of the aggregate Consideration payable in connection with the Redemption is, and on the Effective Date and on the Completion Date shall be, permitted by all applicable laws, including Section 36(2) of the ABCA;

(d) the payment of the aggregate Consideration payable in connection with the Redemption is, and on the Effective Date and on the Completion Date shall be, permitted by all applicable laws;

(e) the Company has, in respect of the Going Private Transaction, filed, or will file prior to the Completion Date, all documents required to be filed under applicable laws and has filed with securities regulators in each such jurisdiction all documents required to be filed under applicable Canadian securities laws (it being understood that no representation or warranty is being given as to the timeliness of any such filing);

(f) the Company has the corporate power and authority to enter into the Support Agreement and to perform its obligations thereunder;

(g) the Company has been duly incorporated, formed and organized and is a validly existing company under the laws of the jurisdiction of its incorporation or formation, as applicable and has the corporate power and authority to own or lease its property and assets and to carry on any business currently conducted by it; and

(h) other than as contemplated herein, no consent, waiver, approval, authorization, order, exemption, registration, license or declaration of or by, or filing with, or notification to any governmental authority which has not been made or obtained, is required to be made or obtained by the Company in connection with the execution, delivery and performance of the Support Agreement or the completion of the Going Private Transaction.

Pursuant to the Support Agreement, the Management Participants have represented and warranted to and with the Company as follows and acknowledged that the Company is relying upon such representations and warranties in connection with the matters contemplated by the Support Agreement:

(a) as of the date hereof, the Subject Shares represent all of the Common Shares beneficially owned, or over which control and direction is exercised, by the Majority Shareholders;

(b) each of the Majority Shareholders have the sole right to vote, or direct the voting of, their respective holdings of Subject Shares;

(c) no individual, corporation or other legal entity has any agreement to which any Majority Shareholder is a party, or any right or privilege capable of becoming an agreement or option to which any Majority Shareholder is a party, for the purchase, acquisition or transfer of any of the Subject Shares or any interest therein or right thereto;

(d) each Management Participant has the requisite power and authority to enter into the Support Agreement and perform its respective obligations thereunder;

(e) the execution and delivery of the Support Agreement and each and every agreement or document to be executed and delivered hereunder by each of Management Participant and the consummation of transactions contemplated herein will not, as a result of such Management Participant's involvement, violate nor be in conflict with any provision of any material agreement or instrument to which such Management Participant is a party or is bound or, to the best of such Management Participant's knowledge, information and belief, any judgment, decree, order, statute, rule or regulation applicable to such Management Participant;

(f) this Agreement has been duly executed and delivered by the Management Participants and all documents required hereunder to be executed and delivered by each of such Majority Shareholders shall have been duly executed and delivered and the Support Agreement does, and such documents

will, constitute legal, valid and binding obligations of each of such respective Management Participants enforceable in accordance with their respective terms; and

(g) no consent, waiver, approval, authorization, order, exemption, registration, license or declaration of or by, or filing with, or notification to any governmental authority which has not been made or obtained is required to be made or obtained by any of the Management Participants in connection with the execution, delivery and performance of the Support Agreement or the completion of the Going Private Transaction.

Conditions Precedent

The obligations of the Company to complete the transactions as contemplated by the Support Agreement, are subject to the satisfaction, at or before the applicable time of the following conditions:

(a) the Pre-Redemption Amendment Resolution shall have been approved by:

(i) not less than two-thirds of the votes cast in respect thereof by Shareholders attending the Meeting in person or represented by proxy; and

(ii) a "majority of the minority" of the votes cast in respect thereof, for the purposes of TSX-V Policy 5.9 (which incorporates the provisions of MI 61-101), by Minority Shareholders attending the Meeting in person or represented by proxy;

(b) Shareholders will not have exercised dissent rights or similar rights, or have instituted proceedings to exercise dissent rights or similar rights, in connection with the Pre-Redemption Amendment Resolution (other than Shareholders representing not more than 15% of the issued and outstanding (on a fully diluted basis) Common Shares;

(c) each of the acts and undertakings of the Majority Shareholders to be performed pursuant to the terms of the Support Agreement shall have been duly and timely performed in all material respects;

(d) except as affected by the transactions contemplated by the Support Agreement, the representations and warranties of each Majority Shareholder contained in the Support Agreement shall be true in all material respects immediately prior to the Completion Date with the same effect as though such representations and warranties had been made at and as of such date; and

(e) the Company having received all necessary regulatory approvals and/or third party consents to complete the Going Private Transaction, including the approval of TSX-V.

The conditions above are for the exclusive benefit of the Company and may be asserted by the Company regardless of the circumstances or may be waived by the Company in its sole discretion, in whole or in part, at any time and from time to time without prejudice to any other rights which the Company may have.

The obligations of the Majority Shareholders to complete the transactions as contemplated by the Support Agreement, are subject to the satisfaction, at or before applicable time of the following conditions:

(a) each of the acts and undertakings of the Company to be performed pursuant to the terms of the Support Agreement shall have been duly performed in all material respects; and

(b) except as affected by the transactions contemplated by the Support Agreement, the representations and warranties of the Company contained in the Support Agreement shall be true in all material respects immediately prior to the Completion Date, with the same effect as though such representations and warranties had been made at and as of such date.

The conditions above are for the exclusive benefit of the Majority Shareholders and may be asserted by the Majority Shareholders regardless of the circumstances or may be waived by the Majority Shareholders in their sole discretion,

in whole or in part, at any time and from time to time without prejudice to any other rights which the Majority Shareholders may have.

Termination

The Support Agreement may, prior to the Effective Time, be terminated by mutual written agreement of the parties to the Support Agreement without further action on the part of the Shareholders.

The Support Agreement shall terminate automatically if the Pre-Redemption Amendment Resolution is not approved by the Registered Shareholders at the Meeting in the manner described above.

The Support Agreement may be terminated by either party upon written notice to the other party if a condition precedent to the obligations of the party terminating the Support Agreement have not been satisfied on or before the date required for the performance thereof, provided that the failure to so satisfy is not caused by the fault of the party terminating the Support Agreement.

The Support Agreement may be terminated by the Majority Shareholders if the Meeting is adjourned, delayed or postponed to a date that is on or after February 29, 2012 or the Completion Date does not occur on or before February 29, 2012, provided that the Majority Shareholders are not in default under the Support Agreement.

Shareholder Approvals Required

In order to complete the Redemption the Pre-Redemption Amendment Resolution must be approved by: (a) at least two-thirds of the votes cast by Shareholders present in person or represented by proxy at the Meeting, and (b) for the purposes of TSX-V Policy 5.9 and MI 61-101, a majority of the votes cast by all Minority Shareholders present in person or represented by proxy at the Meeting.

The full text of the Pre-Redemption Amendment Resolution is set out in **Schedule "A"** to this Circular. Since the Going Private Transaction is considered to be a "business combination" and an "issuer bid" for the purposes of TSX-V Policy 5.9 (which incorporates the provisions of MI 61-101), the Pre-Redemption Amendment Resolution must be approved by a majority of the votes cast in respect thereof by the Minority Shareholders present in person or represented by proxy at the Meeting. To the knowledge of the management of the Company, as at the date of the Circular, for the purposes of minority voting under MI 61-101, a total of 11,698,000 Common Shares held by the Majority Shareholders, their associates, affiliates and joint actors will be excluded from the minority vote in respect of the Pre-Redemption Amendment Resolution.

Pursuant to Section 4.2 of MI 61-101, the following table provides the votes attached to the Common Shares that, to the knowledge of the Company after reasonable inquiry, will be excluded in determining whether minority approval for the Pre-Redemption Amendment is obtained, and includes the identity of the relevant Shareholders and the number of Common Shares held:

Shareholder	No. of Common Shares	No. of Votes Attaching to Common Shares	Percentage of Outstanding Common Shares
Jerry J. Budziak	6,066,000	6,066,000	21.0%
David A. Burroughs	2,720,000	2,720,000	9.4%
Elias Foscolos	1,026,000	1,026,000	3.6%
Accretive Financial Corp. (1)	605,000	605,000	2.1%
Simlie Foscolos (2)	1,281,000	1,281,000	4.4%

Notes:

(1) Accretive Financial Corp. is a company owned and controlled by Elias Foscolos, a director of the Company.
(2) Simlie Foscolos is the spouse of Elias Foscolos, a director of the Company.

To the knowledge of the Company, after reasonable inquiry, Michal Holub, CFO of the Company, and Scott Reeves, Corporate Secretary of the Company, hold nil and 40,000 Common Shares, respectively. Michael Windle, a director of the Company, holds 100,000 Common Shares. None of Messrs. Holub, Reeves or Windle are Majority Shareholders.

Surrender of Share Certificates for the Consideration

Letter of Transmittal

Accompanying this Circular is the Letter of Transmittal for use by Minority Shareholders in surrendering their Common Shares to the Depositary in exchange for the Consideration. The Letter of Transmittal contains complete instructions on how Minority Shareholders are to surrender share certificates representing their Common Shares in exchange for the Consideration. **Minority Shareholders shall read and follow these instructions. The Letter of Transmittal when properly completed and delivered together with certificates representing the applicable Common Shares, and all other documents as may be requested by the Depositary, will enable Minority Shareholders to obtain the Consideration to which they are entitled pursuant to the Redemption.**

Delivery Requirements

The method of delivery of certificates representing Common Shares, the Letter of Transmittal and all other required documents is at the option and risk of the person surrendering them. The Company recommends that such documents be delivered by hand to the Depositary, at its office noted in the Letter of Transmittal, and a receipt obtained therefore, or if mailed, that registered mail, with return receipt requested, be used, and that proper insurance be obtained.

Minority Shareholders holding Common Shares which are registered in the name of a broker, investment dealer, bank, trust company or other nominee must contact the Registered Shareholders of such Common Shares to arrange for surrender of those Common Shares.

Payment and Delivery of Consideration

As soon as practicable after the Effective Date, assuming due delivery of the certificates representing the Common Shares, the Letter of Transmittal and all other required documentation, the Company will cause the Depositary to forward any cheques representing the Consideration to which a Minority Shareholder may be entitled by first class mail to the address of the Minority Shareholder as shown on the register of shareholders maintained by the Transfer Agent (or such other alternate address as may be specified in the Letter of Transmittal), unless the Minority Shareholder indicates to the Company that it wishes to pick up the cheque representing the aggregate Consideration, in which case the cheque will be available for a limited period of time at the office of the Depositary for pick up by such holder. The mailing or delivery by the Depositary of any cheques shall satisfy and discharge the payment obligations of the Company and the Depositary.

The payments to Minority Shareholders will be denominated in Canadian dollars. However, a Minority Shareholder can also elect to receive payment in U.S. dollars by checking the appropriate box in the Letter of Transmittal, in which case such Minority Shareholder will have acknowledged and agreed that the exchange rate for one Canadian dollar expressed in U.S. dollars will be based on the exchange rate available to the Depositary at its typical banking institution on the date the funds are converted. Minority Shareholders electing to have the payment for their Common Shares paid in U.S. dollars will have further acknowledged and agreed that any change to the currency exchange rates of the United States or Canada will be at the sole risk of the Minority Shareholder. If a Minority Shareholder wishes to receive cash payable in U.S. dollars, the box captioned “Currency of Payment Instructions” in the Letter of Transmittal must be completed. Otherwise, the consideration will be paid in Canadian dollars.

Under no circumstances will interest accrue or be paid on the Consideration payable in respect of any Common Shares deposited in connection with the Redemption.

Prescription Period

Each Minority Shareholder, following the Effective Date, will be removed from the register of shareholders maintained by the Transfer Agent, and until validly surrendered, the certificate(s) for Common Shares held by such former holder will represent only the right to receive the Consideration upon surrender in strict accordance with the instructions set forth in the Letter of Transmittal or, to the extent such Minority Shareholder is a Dissenting Shareholder that has maintained his right of to be paid fair value (as determined by an applicable court) in accordance with Section 191 of the ABCA, the right to be paid fair value in accordance with and subject to Section 191 of the ABCA. Any represented issued and outstanding Common Shares of Minority Shareholders which has not been surrendered in strict accordance with the instructions set forth in the Letter of Transmittal, on or prior to the date which is one year after the Effective Date, will cease to represent any right, claim or interest of any nature or kind against or in the Company or the Depositary, and shall be forfeited to the Company.

Lost Certificates

A Minority Shareholder who has lost or misplaced a certificate representing Common Shares held by such Minority Shareholder should contact the Depositary as soon as possible. The Depositary will assist in making arrangements for necessary affidavits (which may include a bonding requirement) to permit surrender of the share certificates in exchange for payment of the Consideration.

Certain Canadian Federal Income Tax Considerations

The following is a general summary, as of the date hereof, of certain Canadian federal income tax consequences of the Redemption under the Tax Act generally applicable to Shareholders who are not Majority Shareholders and who, for the purposes of the Tax Act and at all relevant times, hold their Common Shares as capital property, are not affiliated with the Company and deal at arm's length with the Company ("**Holders**"). Common Shares, or any fraction thereof, generally will constitute capital property to a Holder unless the Holder holds such shares in the course of carrying on a business of trading or dealing in securities or has acquired such shares in a transaction or transactions considered to be an adventure or concern in the nature of trade.

This summary is based on the current provisions of the Tax Act and the regulations issued thereunder (the "**Regulations**") and on the current published administrative practices of the Canada Revenue Agency (the "**CRA**"). This summary takes into account all specific proposals to amend the Tax Act and the Regulations that have been publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof (the "**Tax Proposals**"), but does not otherwise take into account or anticipate any changes in law, whether by judicial, governmental or legislative decision or action, or changes in administrative practices of the CRA. No assurances can be given that the Tax Proposals will be enacted as proposed, if at all. This summary does not take into account the tax legislation or considerations of any province or territory of Canada or any non-Canadian jurisdiction which may differ significantly from the Canadian federal income tax considerations discussed herein.

This summary is not applicable to a Holder: (i) that is a "financial institution" (for the purposes of the "mark-to-market" rules in the Tax Act), (ii) that is a "specified financial institution" as defined in the Tax Act, (iii) an interest in which would be a "tax shelter investment" as defined in the Tax Act, (iv) to whom the functional currency reporting rules apply, or (v) that acquired its Common Shares on the exercise of employee stock options. Holders in such circumstances should consult their own tax advisors.

The following summary is of a general nature only and is not intended to be, nor should it be construed to be, legal or tax advice to any particular Holder and no representations with respect to the income tax consequence to any particular Holder are made. Holders are encouraged to consult their own tax advisors regarding the possible tax consequences of the Redemption.

Taxation of Resident Holders

The following section of this summary applies to Holders ("**Resident Holders**") who at all relevant times, for the purposes of the Tax Act, are, or are deemed to be, resident in Canada.

Redemption of Common Shares of Resident Holders

Upon the redemption of the Common Shares, a Resident Holder will generally realize a capital gain (or a capital loss) to the extent that the aggregate amount received by the Resident Holder upon the Redemption is greater (or less) than the adjusted cost base to the Resident Holder of the Common Share plus any reasonable costs incurred by the Resident Holder in connection with the disposition. For a discussion regarding the treatment of capital gains and losses, see "*Taxation of Capital Gains and Capital Losses*" below.

Dissenting Resident Holders

A dissenting Resident Holder will be considered to have disposed of its Common Shares to the Company for proceeds of disposition equal to the amount paid for such shares less the amount of any interest awarded by the court. Provided the paid-up capital of a dissenting Resident Holder's Common Shares is greater than the amount paid by the Company for such Share, the dissenting Resident Holder will realize a capital gain (or capital loss) to the extent that those proceeds of disposition exceed (or are less than) the adjusted cost base to the Resident Holder of such shares and any reasonable costs of disposition. Any interest awarded to a dissenting Resident Holder will be included in the dissenting Resident Holder's income. See also "*Right of Dissent*" below.

Taxation of Capital Gains and Capital Losses

A Resident Holder who, as described above, realizes a capital gain or a capital loss will generally be required to include in income one-half of any such capital gain (a "**taxable capital gain**") and may apply one-half of any such capital loss (an "**allowable capital loss**") against taxable capital gains in accordance with the detailed rules in the Tax Act. Generally, allowable capital losses in excess of taxable capital gains realized in the year may be carried back and deducted in any of the three preceding years or carried forward and deducted in any following year against taxable capital gains realized in such year in accordance with the detailed rules of the Tax Act.

If the Resident Holder is a company or a partnership or trust of which a company is a partner or a beneficiary, any capital loss realized on the disposition of any Common Share may be reduced by the amount of certain dividends which have been received, or are deemed to have been received, on the share in accordance with detailed provisions of the Tax Act. Resident Holders should consult their tax advisors for specific information regarding the application of these provisions.

A "Canadian-controlled private corporation" (as defined in the Tax Act) may be liable to pay an additional 6 2/3% refundable tax on certain investment income, including taxable capital gains.

The realization of capital gains by an individual (including most trusts) may affect the individual's liability for alternative minimum tax under the Tax Act.

Taxation of Non-Resident Holders

The following section of this summary is generally applicable to Holders ("**Non-Resident Holders**") who at all relevant times (i) for the purposes of the Tax Act and any applicable income tax treaty or convention, have not been and are not deemed to be resident in Canada; and (ii) do not, and are not deemed to, use or hold the Common Shares, or a fraction thereof, in carrying on a business in Canada. Special rules, which are not discussed in this summary, may apply to a Non-Resident Holder that is an insurer carrying on business in Canada and elsewhere.

Redemption of Common Shares of Non-Resident Holders

A Non-Resident Holder who receives the Consideration upon the Redemption of its Common Shares will be considered to have disposed of its Common Shares for proceeds of disposition equal to the aggregate Consideration

received, but will not be subject to tax under the Tax Act on any capital gain realized on the disposition provided that (i) the Common Shares are not, and are not deemed to be, "taxable Canadian property" of the Non-Resident Holder at the time of the Redemption, or (ii) the Non-Resident Holder is exempt from taxation in Canada on the disposition of the Common Share under the terms of an applicable income tax convention or treaty between Canada and the country in which the Non-Resident Holder resides.

A Common Share generally will not constitute taxable Canadian property of a Non-Resident Holder unless at any time during the 60-month period immediately preceding the disposition (i) the Non-Resident Holder or persons with whom the Non-Resident Holder did not deal at arm's length, either alone or in combination with the Non-Resident Holder owned 25% or more of the issued stock of the Company; and (ii) more than 50% of the fair market value of the Common Shares was derived directly or indirectly from one or any combination of: (A) real or immovable property situated in Canada; (B) Canadian resource properties (as defined in the Tax Act); (C) timber resource properties (as defined in the Tax Act); and (D) options in respect of, or interests in or rights in property described in (A) to (C) whether or not such property exists. The Company advises that it has never owned, directly or indirectly, property described in (A) to (D), and as such, the fair market value of the Common Shares should not be considered to be derived therefrom.

Dissenting Non-Resident Holders

A dissenting Non-Resident Holder will be considered to have disposed of its Common Shares to the Company for proceeds of disposition equal to the amount paid for such shares less the amount of any interest awarded by the court. Provided the paid-up capital of a dissenting Non-Resident Holder's Common Shares is greater than the amount paid by the Company for such share, the dissenting Non-Resident Holder will realize a capital gain (or capital loss) to the extent that those proceeds of disposition exceed (or are less than) the adjusted cost base to the dissenting Non-Resident Holder of such shares and any reasonable costs of disposition. A capital gain realized by a Non-Resident Holder on the disposition of Common Shares will not be subject to tax under the Tax Act provided that (i) the Common Shares are not, and are not deemed to be, "taxable Canadian property" of the dissenting Non-Resident Holder at the time of the disposition, or (ii) the dissenting Non-Resident Holder is exempt from taxation in Canada on the disposition of the Common Shares under the terms of an applicable income tax convention or treaty between Canada and the country in which the dissenting Non-Resident Holder resides. Any interest awarded to a dissenting Non-Resident Holder will not be subject to Canadian withholding tax unless such interest constitutes "participating debt interest" (as defined in the Tax Act). See also "*Right of Dissent*" below.

Effect of the Redemption on Markets and Listing

The Common Shares are listed for trading on the TSX-V under the symbol "SEW". The Redemption as contemplated under the Going Private Transaction will, in effect, "privatize" the Company. As part of the Going Private Transaction, the Company intends to apply to have its Common Shares de-listed from the TSX-V after the completion of the Redemption. The Company also intends to apply to the applicable securities regulatory authorities to cease to be a reporting issuer in each province in which it is currently a reporting issuer after the completion of the Redemption. If such application is accepted, the Company will no longer be subject to the continuous disclosure requirements and other obligations currently imposed upon it as a reporting issuer under securities legislation.

Right of Dissent

The Pre-Redemption Amendment and Redemption are to effect the Going Private Transaction. A Registered Shareholder is entitled to exercise dissent rights as provided for in Section 191 of the ABCA in respect of the Pre-Redemption Amendment.

In addition to any other rights a Shareholder may have, if the Pre-Redemption Amendment Resolution is approved and adopted, a Registered Shareholder who complies with the dissent procedure under Section 191 of the ABCA is entitled to be paid the fair value of the Common Shares (as determined by a court) held by such Registered Shareholder in respect of which it dissents, determined as at the close of business on the day before the Pre-Redemption Amendment Resolution is approved and adopted.

The dissent procedure provided by Section 191 of the ABCA is summarized in **Schedule "C"** to this Circular, and the full text of Section 191 of the ABCA is set forth in **Schedule "D"** to this Circular. Registered Shareholders who wish to exercise dissent rights are referred to these Schedules. A Registered Shareholder may exercise the right of dissent under Section 191 of the ABCA only in respect of the Common Shares which are registered in that Registered Shareholder's name. The execution or exercise of a proxy or voting instruction form does not constitute a written objection for the purposes of exercising dissent rights under Section 191 of the ABCA. **A Registered Shareholder wishing to exercise a right of dissent should consider seeking legal advice in advance of the Meeting, as failure to strictly comply with the relevant provisions of Section 191 of the ABCA may result in the loss or unavailability of the right of dissent.**

The obligation of the Company to consummate the transactions in respect of the Going Private Transaction are subject to the satisfaction of a number of conditions as set forth in the Support Agreement. One such condition is that the holders of no more than 15% of the Common Shares on a fully diluted basis shall have exercised rights of dissent in accordance with the provisions of Sections 191 of the ABCA. See "*Summary of the Support Agreement – Conditions Precedent*" for other conditions set forth in the Support Agreement.

REGISTRAR, TRANSFER AGENT AND DEPOSITARY

The registrar, transfer agent and Depositary (in respect of the Going Private Transaction) for the Common Shares is Equity Financial Trust Company at its principal office in Toronto, Ontario.

RISK FACTORS

Completion of the Going Private Transaction is subject to certain risks, including, but not limited to, the following:

If the Going Private Transaction is not completed, the future business and operations could be harmed.

If the Going Private Transaction is not completed, the Company may be subject to a number of material risks, including the fact that the Company may have foregone other opportunities which would have otherwise been available had the Support Agreement not been executed. Furthermore, the Company may be unable to obtain additional sources of financing or conclude another sale, merger or arrangement on as favourable terms, in a timely manner, or at all.

The completion of the Going Private Transaction is subject to the satisfaction of conditions.

Completion of the Going Private Transaction is subject to the receipt of all necessary regulatory and Shareholder approvals (including the approval of Minority Shareholders). The failure to obtain any such approvals will prevent the Company from completing the Going Private Transaction and may have a material adverse effect on the business and affairs of the Company and the trading price of the Common Shares of the Company.

Some of the conditions to the Going Private Transaction may be waived by the Company without re-soliciting shareholder approval.

Some of the conditions set forth in the Support Agreement may be waived by the Company. If those conditions are waived, the Company will evaluate whether an amendment to the Circular and a re-solicitation of proxies is warranted. In the event the Board determines that re-solicitation of proxies is not warranted, the Company will have the discretion to complete the Going Private Transaction without seeking further shareholder approval.

Members of management and the Board of the Company have interests in the Going Private Transaction that may present them with actual or potential conflicts of interest in connection with the Going Private Transaction.

In considering whether to approve the Going Private Transaction, Shareholders should recognize that some of the members of management and the Board may have interests in the Going Private Transaction that differ from, or are in addition to, their interests as Shareholders.

Other risks relating to the affairs, business, operations and future prospects of the Company are set forth and described in the continuous disclosure documents of the Company on the SEDAR website at www.sedar.com.

OTHER BUSINESS

While there is no other business other than that business mentioned in the Notice of Meeting to be presented for action by the shareholders at the Meeting, **it is intended that the proxies hereby solicited will be exercised upon any other matters and proposals that may properly come before the Meeting or any adjournment or adjournments thereof, in accordance with the discretion of the persons authorized to act thereunder.**

GENERAL

Unless otherwise directed, it is management's intention to vote proxies in favour of the resolutions set forth herein. All special resolutions to be brought before the Meeting require, for the passing of the same, a two-thirds majority of the votes cast at the Meeting by the holders of Common Shares. All ordinary resolutions require, for the passing of the same, a simple majority of the votes cast at the Meeting by the holders of Common Shares. All approvals by disinterested shareholders require the approval of the shareholders not affected by, or interested in, the matter to be approved.

ADDITIONAL INFORMATION

Additional information relating to the Company is available on SEDAR at www.sedar.com. Financial information of the Company's most recently completed financial year is provided, or will be provided, in the Company's comparative financial statements and management's discussion and analysis available on SEDAR. A shareholder may contact the Company at:

Seaway Energy Services Inc.
Suite 1250, 700 - 4th Avenue S.W.,
Calgary, AB T2P 3J4
Attention: Michal Holub,
Fax: (403) 235-4486

to obtain a copy of the Company's most recent financial statements and management's discussion and analysis.

BOARD APPROVAL

The contents and the sending of this Circular have been approved by the Board of Directors of the Company.

CONSENT

To: The Board of Directors of Seaway Energy Services Inc. (the "Company")

We refer to the fairness opinion dated January 6, 2012 (the "**Fairness Opinion**"), which we prepared for the special committee of the board of directors of the Company in connection with the Going Private Transaction, as such term is defined in the management information circular of the Company dated January 6, 2012 (the "**Circular**"). We consent to the inclusion of the Fairness Opinion in its entirety and a summary thereof in the Circular.

(signed) "*Probity Capital Advisors Inc.*"
Probity Capital Advisors Inc.
January 6, 2012

CONSENT

To: The Board of Directors of Seaway Energy Services Inc. (the "Company")

We refer to the Comprehensive Valuation Report dated January 6, 2012 (the "**Probity Capital Valuation**"), which we prepared for the special committee of the board of directors of the Company in connection with the Going Private Transaction, as such term is defined in the management information circular of the Company dated January 6, 2012 (the "**Circular**"). We consent to the inclusion of the Probity Capital Valuation in its entirety in the Circular.

(signed) "*Probity Capital Advisors Inc.*"
Probity Capital Advisors Inc.
January 6, 2012

SCHEDULE "A"
PRE-REDEMPTION AMENDMENT RESOLUTION

BE IT RESOLVED AS A SPECIAL RESOLUTION THAT the Company's Articles of Amalgamation be amended with immediate effect as follows:

"Schedule A to Section 2 of Articles be amended by the addition of the following paragraphs:

(a) At any time prior to March 1, 2012, the Corporation may, on such terms and in such manner as the Directors may in their absolute discretion determine, without prior notice, redeem any or all of the then outstanding common shares of the Corporation, at a redemption price of $0.040 per share.

(b) A redemption in (a) above will be deemed effective at the time and on the date the Directors may determine (the "**Redemption Date**") provided that such Redemption Date shall not be earlier than the date the relevant resolution of the Directors is passed and shall not be later than February 29, 2012. As and from the Redemption Date on which the redemption of any common shares of the Corporation is effected, each common shareholder subject to the redemption shall cease to be entitled to any rights in respect of such common shares, including any right to participate in the profits of the Corporation, other than his, her or its right to receive any redemption proceeds (or his, her or its right as a dissenting shareholder under and subject to section 191 of the *Business Corporations Act* (Alberta), to receive fair value for his, her or its redeemed common shares) and accordingly his, her or its name shall be removed as a shareholder from the records of the Corporation with respect to the common shares so redeemed.

(c) Subject to the Directors' discretion to determine the terms and manner of redemption, redemption proceeds shall be paid as soon as reasonably practicable following the Redemption Date.

(d) If a common shareholder who is entitled to receive redemption proceeds pursuant to subparagraph (a) hereof fails to satisfy any relevant requirements (including without limitation, providing evidence of ownership and completed letters of transmittal) of the Directors, his entitlement shall lapse on the second anniversary of the Redemption Date. Upon a shareholder's entitlement having lapsed in accordance with this paragraph (d), such shareholder will be deemed to have donated and forfeited to the Corporation or its successor any such redemption proceeds, net of any applicable withholding or other taxes, held in trust for such shareholder and any certificate representing the common shares formerly held by such shareholder will cease to represent a claim of any nature whatsoever and will be deemed to have been surrendered to the Corporation and cancelled."

SCHEDULE “B”
FAIRNESS OPINION

PROBITY CAPITAL
ADVISORS INC.

January 6, 2012

Seaway Energy Services Inc.
Suite 1250, 700 – 4th Avenue S.W.
Calgary, Alberta
T2P 3J4

Attention: The Board of Directors

Dear Sirs:

Probity Capital Advisors Inc. (**"Probity"** or **"we"**) understands that certain shareholders (the **"Majority Shareholders"**) of Seaway Energy Services Inc. (**"Seaway"** or **"the Company"**) are proposing a take private transaction (the **"Take Private Transaction"**) by way of a redemption of all of the issued and outstanding common shares (the **"Common Shares"**) held by those shareholders (the **"Minority Shareholders"**) other than the Majority Shareholders.

We also understand that all material terms of the Take Private Transaction will be described fully in a management information circular (the **"Circular"**) which will be prepared by Seaway and mailed to the holders of all of the issued and outstanding common shares of the Company (the **"Shareholders"**) in connection with the annual and special meeting of Seaway (the **"Seaway Meeting"**) to consider the Take Private Transaction.

We understand that at the Seaway Meeting, Shareholders will be asked to consider and, if thought advisable, approve, with or without variation, a pre-redemption amendment resolution (the "Redemption Resolution"), which if passed, will result in the Company carrying out the Take Private Transaction through a redemption of all of the Common Shares held by the Minority Shareholders in accordance with the terms and conditions set forth in the Support Agreement (as defined below).

The Redemption Resolution will require the approval of: (a) at least two-thirds of the votes cast by Shareholders present in person or represented by proxy at the Seaway Meeting; and (b) for the purposes of TSX-V Policy 5.9 and Multilateral Instrument 61-101 Protection of Minority Shareholders in Special Transactions, a majority of the votes cast by the Minority Shareholders, present in person or represented by proxy at the Seaway Meeting. We further understand that the Take Private Transaction will be conditional upon, among other things, receipt of all necessary regulatory approvals including approvals from the TSX Venture Exchange (**"TSX-V"**).

Assuming the Redemption Resolution receives the requisite approvals by the Shareholders and Minority Shareholders at the Meeting, and all other terms and conditions of the Support Agreement are satisfied or waived (if capable of being waived), the Redemption Resolution will be effected forthwith upon such approval and the Company will amend its articles to add a redemption provision to the Common Shares to permit the redemption by the Company, without prior notice, at any time prior to March 1, 2012 or such later date as the Board may determine or ratify, of all or any of its Common Shares at a redemption price of $0.040 per Common Share.

We further understand that Seaway is proposing to enter into a support agreement (the **"Support Agreement"**) among the Company and the Majority Shareholders, who collectively control, directly or indirectly, an aggregate of 11,698,000 Common Shares or approximately 40.5% of the total issued and outstanding Common Shares of the Company, in favour of the Take Private Transaction, on the terms and subject to the conditions set forth in the Support Agreement.

Engagement of Probity

By letter agreement dated November 30, 2011 (the **"Engagement Agreement"**), the board of directors (**"Board of Directors"**) of Seaway retained Probity to act as its financial advisor in connection with the Take Private Transaction. Pursuant to the Engagement Agreement, Seaway has requested that we prepare and deliver to the Board of Directors our written opinion (the **"Opinion"**) as to the fairness, from a financial point of view, of the Consideration to be received by the Minority Shareholders pursuant to the Take Private Transaction.

Probity will be paid a fee for rendering this Opinion, no portion of which is conditional upon this Opinion being favourable. Probity is also entitled to be reimbursed for reasonable out-of-pocket expenses incurred by Probity in carrying out its obligations under the Engagement Agreement, whether or not the Take Private Transaction is completed. Seaway has also agreed to indemnify Probity in respect of certain liabilities that might arise out of our engagement.

The opinion expressed herein is the opinion of Probity as an entity. The form and content of the Opinion have been reviewed and approved for release by directors and officers of Probity, all of whom are experienced in mergers, acquisitions, divestitures and valuation matters.

Subject to the terms of the Engagement Agreement, Probity consents to the inclusion of this Opinion in its entirety, together with a summary thereof, in a form acceptable to Probity, acting reasonably, in the Circular, and to the filing thereof with the TSXV and the securities commissions or similar regulatory authorities in each province and territory of Canada where such filing is required.

Relationship with Interested Parties

Neither Probity nor any of its affiliates is an insider, associate or affiliate (as those terms are defined in the *Securities Act* (Alberta)) of Seaway or any of its associates or affiliates (collectively, the **"Interested Parties"**). Probity is not acting as an advisor to Seaway or any of its associates or affiliates in connection with any other matter, other than acting as financial advisor to Seaway as outlined above. Probity has not been engaged to provide advisory services to Seaway in the past.

Credentials of Probity

Probity is a specialized investment bank with its principal office in Calgary, Alberta. The firm provides merger & acquisition advisory services to mid-market companies in a variety of industry sectors, including energy and energy-related service industries. Probity assists in planning, negotiating, structuring and executing the merger & acquisition activities of mid-market companies in Canada, including corporate divestitures, recapitalizations, reverse mergers and management and/or employee buyouts.

Scope of Review

The assessment of fairness, from a financial point of view, must be determined in the context of the particular transaction. In connection with rendering our Opinion, we have reviewed, considered and relied upon or carried out, among other things, the following:

1. Reviewed the business with management in terms of its operations, markets, history and prospects to obtain an understanding of product and service offerings and the basis upon which it competes in the marketplace;

2. Reviewed the draft Support Agreement dated January 6, 2012 between the Company and the Majority Shareholders;

3. Reviewed the draft Management Information Circular dated January 6, 2012 relating to the Annual and Special Meeting to approve the Take Private Transaction;

4. Reviewed an independent valuation of Seaway prepared by Probity as at October 31, 2011;

5. Reviewed the Company's website at www.seawayenergy.com;

6. Reviewed the Company's audited financial statements and management discussion and analysis for the years ended September 30, 2006 to 2010, inclusive;

7. Reviewed the Company's unaudited financial statements for the year ended September 30, 2011;

8. Reviewed the Company's interim financial statements and management discussion and analysis for the nine month period ended June 30, 2011;

9. Reviewed the Company's interim financial statements for the stub period ended October 31, 2011;

10. Reviewed press releases and material change reports for the two year period ended as at the date hereof;

11. Reviewed the Company's SEDAR filings for the two year period ended as at the date hereof;

12. Reviewed certain non-public information regarding Seaway, its business and prospects;

13. Reviewed information on the energy industry from various sources, including the Petroleum Services Association of Canada and the Canadian Association for Oilwell Drilling Contractors;

14. Reviewed investment and industry research reports on the Canadian oilfield services sector prepared by various well known Canadian investment dealers; and

15. Reviewed other publicly available information relating to the business, operations, financial performance and stock trading history of Seaway and other selected publicly traded companies that we considered relevant to this matter.

In addition, we have participated in discussions with members of senior management of Seaway regarding its past and current business operations, financial condition and future business prospects. We have also participated in discussions with Davis LLP, external legal counsel to Seaway regarding the Take Private Transaction, the Circular, the Support Agreement, due diligence and related matters. We have not, to the best of our knowledge, been denied access by Seaway to any information which we requested.

Assumptions and Limitations

We have relied upon, with the acknowledgement of the Board of Directors and in accordance with the terms of our engagement, but have not independently verified, the accuracy, completeness and fair representation of any of the data, advice, opinions, materials, information, representations, valuation reports and discussions (collectively, the **"Information"**) referred to above and this Opinion is conditional upon such accuracy, completeness and fair representation. Our assumptions, the procedures we have adopted and the conclusions and opinions reached by us are dependent, in part, upon all such facts and information. With respect to operating and financial forecasts and budgets provided to us and relied upon in our analysis, we have assumed that they have been reasonably prepared on bases reflecting the most reasonable assumptions, estimates and judgments of Seaway, as appropriate, having regard to the plans, financial condition and prospects of Seaway.

Seaway has represented to us, in a certificate of two senior officers and a director of the Company, dated as of the date hereof, among other things, that (i) the information, data and other materials (financial or otherwise) with respect to Seaway and provided to us by or on behalf of Seaway, including the written information and discussion concerning Seaway referred to above under the heading "Scope of Review" (collectively the **"Seaway Information"**) was complete and correct at the date the Seaway Information was provided to us and since the dates on which the Seaway Information was provided to us there have been: (i) no material changes, financial or otherwise, in the financial condition, assets, liabilities (contingent or otherwise), business, operations or prospects of Seaway and its respective affiliates that have not been disclosed; and (ii) no material changes have occurred in the Seaway Information or any part thereof which would have or which would reasonably be expected to have a material effect on the Opinion. Except as expressly noted above under the heading "Scope of Review", we have not conducted any investigation concerning the financial condition, assets, liabilities (contingent or otherwise), business, operations or prospects of Seaway or any of its respective affiliates.

We believe that the analyses and factors considered in arriving at our Opinion must be considered as a whole and are not necessarily amenable to partial analysis or summary description and that selecting portions of the analyses and the factors considered by us, without considering all factors and analyses together, could create a misleading view of the process underlying the Opinion employed by us and the conclusions reached in the Opinion. In arriving at our opinion, in addition to the facts and conclusions contained in the materials, information, representations, reports and discussions referred to above, we have assumed, among other things, the validity and efficacy of the procedures being followed to implement the transaction and we express no opinion on such procedures.

We have with respect to all legal, tax and accounting matters relating to the Take Private Transaction and the implementation thereof relied on advice of legal, tax and accounting counsel to Seaway, including information disclosed in the Circular, and express no view thereon. The Take Private Transaction is subject to a number of conditions outside the control of Seaway and we have assumed all conditions precedent to the completion of the Take Private Transaction can be satisfied in due course and all consents, permissions, exemptions or orders of relevant regulatory authorities will be obtained, without adverse conditions or qualifications. In rendering this Opinion, we express no view as to the likelihood that the conditions respecting the Take Private Transaction will be satisfied or waived or that the Take Private Transaction will be implemented within the time frame indicated in the Circular.

In our analysis in connection with the preparation of the Opinion, we may have made certain assumptions which we believed to be reasonable in the circumstances with respect to the industry performance, general business and economic conditions and other matters, many of which are beyond the control of Probity and Seaway.

The Opinion is rendered as of the date hereof on the basis of securities markets, economic and general business and financial conditions prevailing on that date and the condition and prospects, financial and otherwise, of Seaway and its respective subsidiaries as they were reflected in the information provided to Probity and as they were represented to Probity in its discussions with the senior management of Seaway. Any changes therein may affect the Opinion and, although Probity reserves the right to change or withdraw the Opinion in such event, it disclaims any undertaking or obligation to advise any person of any such change that may come to its attention, or to update the Opinion after the date hereof.

The Opinion has been provided for the sole and exclusive use of the Board of Directors and for inclusion in the Circular (together with a summary thereof in a form acceptable to Probity) and may not be used by any other person or relied upon by any other person without the express written consent of Probity. The Opinion is not intended to be, and does not constitute, a recommendation to purchase the Common Shares of Seaway or construed as a recommendation to vote in favour of the Take Private Transaction. Our conclusion as to the fairness of the terms of the Take Private Transaction to the Minority Shareholders of Seaway is based on our review of the Take Private Transaction taken as a whole, rather than on any particular element of the Take Private Transaction, and this Opinion should be read in its entirety.

While in the opinion of Probity the assumptions used in preparing this Opinion are appropriate in the circumstances, some or all of these assumptions may prove to be incorrect.

Opinion

Based upon and subject to the foregoing and such other matters as we have considered relevant, it is our opinion, as of the date hereof, that the consideration to be received by the Minority Shareholders pursuant to the Take Private Transaction is fair, from a financial point of view, to the Minority Shareholders of Seaway.

Yours very truly,

PROBITY CAPITAL ADVISORS INC.

Probity Capital Advisors Inc.

SCHEDULE "C"
SUMMARY OF DISSENT RIGHTS

The following description is not a comprehensive statement of the procedures to be followed by Registered Shareholders who seek payment of the fair value of their Common Shares and is qualified in its entirety by reference to the full text of section 191 of the ABCA which is attached to this Information Circular as Schedule "D". A Registered Shareholder who intends to exercise the right of dissent and appraisal should carefully consider and comply with the provisions of that section. Failure to comply with the provisions of that section and to adhere to the procedures established therein may result in a loss of all rights thereunder.

In order to invoke the provisions of section 191, a Registered Shareholder must send to the Company at or before the Meeting a written objection (a "notice of dissent") to the Pre-Redemption Amendment Resolution. In addition to any other right a dissenting Shareholder ("Dissenting Shareholder") may have, such a Shareholder who complies with the dissent procedure of section 191 is entitled to be paid the "fair value" of the Common Shares held by such holder, determined as at the close of business on the last Business Day before the day on which the Pre-Redemption Amendment Resolution was adopted.

A Dissenting Shareholder may claim under section 191 only with respect to all the Common Shares of a class held by such holder on behalf of any one beneficial owner and registered in the holder's name. **Persons who are beneficial owners of the Common Shares registered in the name of a broker, custodian, nominee or other intermediary who wish to dissent should be aware that ONLY A REGISTERED SHAREHOLDER IS ENTITLED TO DISSENT. The sending of a notice of dissent does not deprive a Shareholder of the right to vote against the Pre-Redemption Amendment Resolution, however, a vote against the Pre-Redemption Amendment Resolution does not constitute a notice of dissent.** A shareholder who beneficially owns the Common Shares but is not the registered holder thereof, should contact the registered holder for assistance.

After the adoption of the Pre-Redemption Amendment Resolution, either the Dissenting Shareholder or the Company has the right to apply to the Court of Queen's Bench of Alberta (the "Court") by originating notice for determination of the fair value of the holder's Common Shares. Following such application to the Court, the Company must, within ten days of being served with a copy of the originating notice if the applicant is a Dissenting Shareholder, or within ten days of the date the application is returnable, if the applicant is the Company, send to each Dissenting Shareholder a written offer to pay him an amount for the holder's Common Shares considered by the directors to be the fair value of his Common Shares. Every offer made to a Dissenting Shareholder shall be made on the same terms and shall contain or be accompanied by a statement showing how the fair value was determined. The fair value so determined could be more or less than the value received by Shareholders who participate in the Going Private Transaction and could be based on considerations other than or in addition to the market price of Common Shares or the net asset value of the Company, as the case may be.

A Dissenting Shareholder may make an agreement with the Company for the purchase of such holder's Common Shares in an amount of the aforementioned offer, or otherwise, any time before the Court pronounces an order fixing the fair value of the Common Shares.

A Dissenting Shareholder is not required to give security for costs in respect of an application to the Court to fix the fair value of such holder's Common Shares, and except in special circumstances shall not be required to pay the costs of the application or appraisal subject to Court imposed limits.

On the application, the Court may make an order fixing the fair value of the Common Shares of all Dissenting Shareholders who are parties to the application, giving judgment in that amount against the Company, as applicable, and in favour of each of Dissenting Shareholders, and fixing the time within which the Company, as applicable, must pay that amount to the Dissenting Shareholders.

A Dissenting Shareholder ceases to have any rights as a Shareholder, other than the right to be paid the fair value of his Common Shares, on the earliest of the effective date of the amendment to the articles of the Company, the making of an agreement between the Dissenting Shareholder and the Company, or the pronouncement of the order of the Court fixing the fair value of the Common Shares. Until any of the foregoing events occurs, the Shareholder may

withdraw his dissent or the Company may rescind the Pre-Redemption Amendment Resolution in question and in either event proceedings under section 191 shall be discontinued.

Notwithstanding the above, the Company cannot make a payment to any Dissenting Shareholder under section 191 if there are reasonable grounds for believing that the Company is or would after the payment be unable to pay its liabilities as they become due or the realizable value of the Company's assets would thereby be less than the aggregate of its liabilities. In such event, the Company shall notify each Dissenting Shareholder that it is unable lawfully to pay Dissenting Shareholders for their Common Shares, in which case the Dissenting Shareholder may, by written notice to the Company within 30 days after receipt of such notice, withdraw his written objection, in which case such Shareholder shall be reinstated to his full rights as a Shareholder, failing which he will retain status as a claimant against the Company to be paid as soon as the Company is lawfully entitled to do so or, on a liquidation, to be ranked subordinate to creditors but prior to Shareholders.

Failure to strictly comply with the requirements of section 191 of the ABCA may result in the loss of any right of dissent. Persons who are beneficial owners of the Common Shares registered in the name of a broker, custodian, nominee or other intermediary who wish to dissent should be aware that only the registered holders of such Common Shares are entitled to dissent. Accordingly, a beneficial owner of Common Shares who desires to exercise this right must make arrangements for the Common Shares beneficially owned by such holder to be registered in his name prior to the time the written objection to the Pre-Redemption Amendment Resolution is required to be received by the Company or, alternatively, make arrangements for the registered holder of his Common Shares to dissent on such holder's behalf.

In the event of a strike, lockout or other work stoppage involving postal employees, all documents (other than share certificates) required to be delivered by a Shareholder should be delivered by facsimile to the Company at.

The above is only a summary of the provisions of section 191 of the ABCA which are technical and complex. section 191 is set out in Schedule "D" hereto. **It is recommended that any Shareholder wishing to avail himself of his right of dissent seek his own legal advice as failure to comply strictly with the provisions of the statute may prejudice his right of dissent.**

All notices to the Company pursuant to Section 191 of the ABCA should be addressed to the Company's legal counsel Davis LLP as follows:

Suite 1000, 250 - 2nd Street S.W.
Calgary, Alberta T2P 0C1
Attn: Leigh Stewart

SCHEDULE "D"
TEXT OF SECTION 191 OF THE *BUSINESS CORPORATIONS ACT* (ALBERTA)

RIGHTS OF DISSENT

Shareholder's right to dissent

191(1) Subject to sections 192 and 242, a holder of shares of any class of a corporation may dissent if the corporation resolves to

(a) amend its articles under section 173 or 174 to add, change or remove any provisions restricting or constraining the issue or transfer of shares of that class,

(b) amend its articles under section 173 to add, change or remove any restrictions on the business or businesses that the corporation may carry on,

(b.1) amend its articles under section 173 to add or remove an express statement establishing the unlimited liability of shareholders as set out in section 15.2(1),

(c) amalgamate with another corporation, otherwise than under section 184 or 187,

(d) be continued under the laws of another jurisdiction under section 189, or

(e) sell, lease or exchange all or substantially all its property under section 190.

(2) A holder of shares of any class or series of shares entitled to vote under section 176, other than section 176(1)(a), may dissent if the corporation resolves to amend its articles in a manner described in that section.

(3) In addition to any other right the shareholder may have, but subject to subsection (20), a shareholder entitled to dissent under this section and who complies with this section is entitled to be paid by the corporation the fair value of the shares held by the shareholder in respect of which the shareholder dissents, determined as of the close of business on the last business day before the day on which the resolution from which the shareholder dissents was adopted.

(4) A dissenting shareholder may only claim under this section with respect to all the shares of a class held by the shareholder or on behalf of any one beneficial owner and registered in the name of the dissenting shareholder.

(5) A dissenting shareholder shall send to the corporation a written objection to a resolution referred to in subsection (1) or (2)

(a) at or before any meeting of shareholders at which the resolution is to be voted on, or

(b) if the corporation did not send notice to the shareholder of the purpose of the meeting or of the shareholder's right to dissent, within a reasonable time after the shareholder learns that the resolution was adopted and of the shareholder's right to dissent.

(6) An application may be made to the Court after the adoption of a resolution referred to in subsection (1) or (2),

(a) by the corporation, or

(b) by a shareholder if the shareholder has sent an objection to the corporation under subsection (5),

to fix the fair value in accordance with subsection (3) of the shares of a shareholder who dissents under this section, or to fix the time at which a shareholder of an unlimited liability corporation who dissents under this section ceases to become liable for any new liability, act or default of the unlimited liability corporation.

(7) If an application is made under subsection (6), the corporation shall, unless the Court otherwise orders, send to each dissenting shareholder a written offer to pay the shareholder an amount considered by the directors to be the fair value of the shares.

(8) Unless the Court otherwise orders, an offer referred to in subsection (7) shall be sent to each dissenting shareholder

(a) at least 10 days before the date on which the application is returnable, if the corporation is the applicant, or

(b) within 10 days after the corporation is served with a copy of the application, if a shareholder is the applicant.

(9) Every offer made under subsection (7) shall

(a) be made on the same terms, and

(b) contain or be accompanied with a statement showing how the fair value was determined.

(10) A dissenting shareholder may make an agreement with the corporation for the purchase of the shareholder's shares by the corporation, in the amount of the corporation's offer under subsection (7) or otherwise, at any time before the Court pronounces an order fixing the fair value of the shares.

(11) A dissenting shareholder

(a) is not required to give security for costs in respect of an application under subsection (6), and

(b) except in special circumstances must not be required to pay the costs of the application or appraisal.

(12) In connection with an application under subsection (6), the Court may give directions for

(a) joining as parties all dissenting shareholders whose shares have not been purchased by the corporation and for the representation of dissenting shareholders who, in the opinion of the Court, are in need of representation,

(b) the trial of issues and interlocutory matters, including pleadings and questioning under Part 5 of the *Alberta Rules of Court*,

(c) the payment to the shareholder of all or part of the sum offered by the corporation for the shares,

(d) the deposit of the share certificates with the Court or with the corporation or its transfer agent,

(e) the appointment and payment of independent appraisers, and the procedures to be followed by them,

(f) the service of documents, and

(g) the burden of proof on the parties.

(13) On an application under subsection (6), the Court shall make an order

(a) fixing the fair value of the shares in accordance with subsection (3) of all dissenting shareholders who are parties to the application,

(b) giving judgment in that amount against the corporation and in favour of each of those dissenting shareholders,

(c)fixing the time within which the corporation must pay that amount to a shareholder, and

(d) fixing the time at which a dissenting shareholder of an unlimited liability corporation ceases to become liable for any new liability, act or default of the unlimited liability corporation.

(14) On

(a) the action approved by the resolution from which the shareholder dissents becoming effective,

(b) the making of an agreement under subsection (10) between the corporation and the dissenting shareholder as to the payment to be made by the corporation for the shareholder's shares, whether by the acceptance of the corporation's offer under subsection (7) or otherwise, or

(c) the pronouncement of an order under subsection (13),

whichever first occurs, the shareholder ceases to have any rights as a shareholder other than the right to be paid the fair value of the shareholder's shares in the amount agreed to between the corporation and the shareholder or in the amount of the judgment, as the case may be.

(15) Subsection (14)(a) does not apply to a shareholder referred to in subsection (5)(b).

(16) Until one of the events mentioned in subsection (14) occurs,

(a) the shareholder may withdraw the shareholder's dissent, or

(b) the corporation may rescind the resolution,

and in either event proceedings under this section shall be discontinued.

(17) The Court may in its discretion allow a reasonable rate of interest on the amount payable to each dissenting shareholder, from the date on which the shareholder ceases to have any rights as a shareholder by reason of subsection (14) until the date of payment.

(18) If subsection (20) applies, the corporation shall, within 10 days after

(a) the pronouncement of an order under subsection (13), or

(b) the making of an agreement between the shareholder and the corporation as to the payment to be made for the shareholder's shares,

notify each dissenting shareholder that it is unable lawfully to pay dissenting shareholders for their shares.

(19) Notwithstanding that a judgment has been given in favour of a dissenting shareholder under subsection (13)(b), if subsection (20) applies, the dissenting shareholder, by written notice delivered to the corporation within 30 days after receiving the notice under subsection (18), may withdraw the shareholder's notice of objection, in which case the corporation is deemed to consent to the withdrawal and the shareholder is reinstated to the shareholder's full rights as a shareholder, failing which the shareholder retains a status as a claimant against the corporation, to be paid as soon as the corporation is lawfully able to do so or, in a liquidation, to be ranked subordinate to the rights of creditors of the corporation but in priority to its shareholders.

(20) A corporation shall not make a payment to a dissenting shareholder under this section if there are reasonable grounds for believing that

(a) the corporation is or would after the payment be unable to pay its liabilities as they become due, or

(b) the realizable value of the corporation's assets would by reason of the payment be less than the aggregate of its liabilities.

SCHEDULE "E"
MAJORITY SHAREHOLDERS

Shareholder	No. of Common Shares	No. of Votes	Percentage
Jerry J. Budziak	6,066,000	6,066,000	21.0%
David A. Burroughs	2,720,000	2,720,000	9.4%
Elias Foscolos	1,026,000	1,026,000	3.6%
Accretive Financial Corp. (1)	605,000	605,000	2.1%
Simlie Foscolos (2)	1,281,000	1,281,000	4.4%

Notes: (1) Accretive Financial Corp. is a private company owned and controlled by Elias Foscolos, a director of the Company.
(2) Simlie Foscolos is the spouse of Elias Foscolos, a director of the Company.

SCHEDULE “F”
PROBITY CAPITAL VALUATION

PROBITY CAPITAL
ADVISORS INC.

January 6, 2012

Seaway Energy Services Inc.
Suite 1250, 700 – 4th Avenue SW
Calgary, Alberta
T2P 3J4

Attention: The Board of Directors

Dear Sirs:

Probity Capital Advisors Inc. (**"Probity"** or **"we"**) understand(s) that certain shareholders (the "**Majority Shareholders**") of Seaway Energy Services Inc. (**"Seaway"** or the **"Company"**) are proposing a take private transaction (the **"Take Private Transaction"**) by way of a redemption of all of the issued and outstanding common shares (the **"Common Shares"**) held by those shareholders (the **"Minority Shareholders"**) other than the Majority Shareholders.

The special committee of the board of directors of Seaway (the **"Special Committee"**) has requested an independent valuation of the Company (the **"Valuation"**) as required pursuant to Multilateral Instrument 61-101 – Protection of Minority Shareholders in Special Transactions (**"MI 61-101"**) and that the Valuation should be supplemented by an opinion as to the fairness from a financial point of view of the Take Private Transaction to the Minority Shareholders (the **"Fairness Opinion"**).

To implement that decision, the board of directors (the **"Board"**) has engaged Probity to perform a review of the Company and develop an opinion as to the *en bloc* fair market value of all of the issued and outstanding Common Shares of the Company prior to the proposed redemption, together with a Fairness Opinion with respect to the proposed redemption in relation to its effect on the Minority Shareholders. This report summarizes the results of the Probity valuation review and our opinion as to the *en bloc* fair market value of the shareholders' equity of the Company as of an October 31, 2011 valuation date (the **"Valuation Date"**).

Our opinion as to the fairness from a financial point of view of the Take Private Transaction to the Minority Shareholders is set out in a separate report.

The Valuation and the associated Fairness Opinion have been prepared for the purpose set out above on a basis that is considered to be responsive to the requirements of MI 61-101. Both the Valuation and the Fairness Opinion have been prepared to provide information for consideration by the Special Committee, the Board and affected shareholders of Seaway with respect to the Take Private Transaction, but neither opinion constitutes a recommendation to any party as to any course of action they might take. While the valuation review and assessment of fairness conclude that the proposed Take Private Transaction is fair from a financial point of view, individual circumstances of individual shareholders will necessarily determine what course of action they will take in responding to the offer.

Independence and Scope of Review

Probity is a specialized investment bank with its principal office in Calgary, Alberta. The firm provides merger & acquisition advisory services to mid-market companies in a variety of industry sectors, including energy and energy-related service industries. Probity assists in planning, negotiating, structuring and executing the merger & acquisition activities of mid-market companies in Canada, including corporate divestitures, recapitalizations, reverse mergers and management and/or employee buyouts.

The opinion expressed herein is the opinion of Probity as an entity. The form and content of the Valuation have been reviewed and approved for release by certain directors and officers of Probity, all of whom are experienced in mergers, acquisitions, divestitures and valuation matters.

In performing our review we obtained and relied upon information provided by the Company, public information respecting the business and industry in which it participates, and other public and non-public information considered pertinent to the estimation of value and assessment of fairness. Except as expressly described herein, Probity has not conducted any independent investigations to verify the accuracy and completeness thereof. The fees of Probity for this assignment are on an agreed basis and are not in any way contingent upon the conclusions reached. Seaway has agreed to indemnify Probity from and against certain liabilities arising out of the performance of professional services rendered to Seaway by Probity and its personnel under the engagement agreement.

In connection with the Valuation and Fairness Opinion, we have reviewed and relied upon information obtained through the following general procedures, among others:

1. Reviewed the business with management in terms of its operations, markets, history and prospects to obtain an understanding of product and service offerings and the basis upon which it competes in the marketplace;

2. Reviewed the draft Support Agreement dated January 6, 2012 between the Company and the Majority Shareholders;

3. Reviewed the draft Management Information Circular dated January 6, 2012 relating to the Annual and Special Meeting to approve the Take Private Transaction;

4. Reviewed the Company's website at www.seawayenergy.com.

5. Reviewed the Company's audited financial statements and management discussion and analysis for the years ended September 30, 2006 to 2010, inclusive;

6. Reviewed the Company's unaudited financial statements for the year ended September 30, 2011;

7. Reviewed the Company's interim unaudited financial statements and management discussion and analysis for the nine month period ended June 30, 2011;

8. Reviewed the Company's interim unaudited financial statements for the stub period ended October 31, 2011;

9. Reviewed certain schedules relating to client sales volumes over a three year period ended September 30, 2011;

10. Reviewed the aging summaries for accounts receivable and payable as at the Valuation Date;

11. Reviewed press releases and material change reports for the two year period ended as at the Valuation Date;

12. Reviewed the Company's SEDAR filings for the two year period ended as at the Valuation Date;

13. Reviewed certain non-public information regarding Seaway, its business and prospects;

14. Reviewed information on the energy industry from various sources, including the Petroleum Services Association of Canada and the Canadian Association for Oilwell Drilling Contractors;

15. Reviewed investment and industry research reports on the Canadian oilfield services sector prepared by various well known Canadian investment dealers; and

16. Reviewed other publicly available information relating to the business, operations, financial performance and stock trading history of Seaway and other selected publicly traded companies that we considered relevant to this matter.

We also conducted such other analyses, investigations, research and testing of assumptions as were deemed by us to be appropriate or necessary in the circumstances. Seaway granted us access to their management team and advisors and, to our knowledge, we were not denied any information that we requested.

A significant component of our review consisted of discussions with management of Seaway. No information of a material nature has been brought to our attention that has not been considered in the preparation of the Valuation and Fairness Opinion.

Key Assumptions and Limitations

Probity has relied upon the completeness, accuracy and fair presentation of all of the financial and other information obtained by it from public sources or from management of the Company and its consultants and advisors for purposes of developing the Valuation and Fairness Opinion. The opinions set out herein are accordingly conditional on the completeness and accuracy of such information. Except as expressly described herein, we have not attempted to verify for valuation purposes the completeness, accuracy or fair presentation of any of the information relied upon in developing our opinion on value or our assessment of financial fairness.

Certain officers of the Company have represented to us that the information provided by the Company is true and correct in all material respects as of the Valuation Date and that since the date to which such information refers there have been no changes in facts material to the Valuation conclusions that have not been communicated to us.

The Valuation is based upon securities markets, economic, business and financial conditions as of the Valuation Date. In completing the Valuation, we have made numerous assumptions with respect to economic, industry and company performance and expectations which are matters over which Probity has no control.

The Valuation has been prepared for the specific purpose identified above and is not to be used in any other context without the express written consent of Probity. This Valuation is developed as of a specific date on the basis of identifiable information and Probity has not undertaken to update it to any other date. Should information relevant to the Valuation conclusions become available to Probity subsequent to the date of this report, Probity reserves the right but will be under no obligation to revise this report.

Going concern business value is inherently and inescapably a matter of implicit or explicit perceptions of the potential future economic performance of the business to be valued and the environment in which that performance will take place. Recognizing that those perceptions are developed under conditions where neither contractual nor other bases exist to ensure that actual operating results will conform to the assumptions employed for valuation purposes, this analysis necessarily works with contingent and uncertain information and there is a corresponding degree of uncertainty in the resultant estimates of value. In some measure, this uncertainty is intended to be recognized through the process of specifying the valuation results as a range of amounts. It must accordingly be recognized that neither Seaway nor Probity warrants that the projections and estimates employed in developing these valuation amounts represent commitments as to what the future performance of the business will be. The values are considered to be reasonable estimates on the basis of the information and assumptions upon which they are predicated and as of the time when the estimates were developed. However, should significant deviations from these assumptions emerge in the future, the estimates may well cease to be representative of value.

Probity believes that its analysis for valuation purposes must be considered as a whole and that selecting portions of this analysis and report without considering the other factors and analyses may create a misleading view of the valuation process and results.

All dollar amounts herein are expressed in Canadian dollars unless otherwise indicated.

Summary of Valuation Opinion

On the basis of our review and the factors and considerations reflected herein and the assumptions necessary to the formulation of the conclusions reached, it is our opinion that the *en bloc* fair market value of the Common Shares of the Company as at the Valuation Date falls in a range of $842,000 to $1,190,000.

Description of the Company

Seaway provides construction and environmental consulting services to the oil & gas industry. The Company manages the construction of oil & gas well leases and access roads; the initial cleanup of leases and roads following drilling activity; and the reclamation of leases and roads following drilling and production. Seaway strives to ensure all operations are conducted in an efficient and cost-effective manner and that all environmental guidelines and regulations are met.

The Company also prepares environmental due diligence reports for clients looking to purchase wells and properties from other operators. Field and office staff work together to estimate the potential environmental liability associated with a specific site and prepare a report for the client so that an informed decision can be made with respect to a contemplated purchase.

Traditionally, the revenue mix of Seaway's business was weighted primarily to higher margin construction and reclamation activities. In recent years, the Company's business has shifted to lower margin environmental consulting activities. At the present time, the Company's revenue is split evenly between construction and environmental consulting. This shift towards environmental consulting has resulted in some margin erosion in recent years.

There is a seasonal influence to Seaway's business. Lease construction and clean-up work is performed year-round, except typically from mid-March to the beginning of May when spring thaw and road bans preclude the movement of heavy equipment. Gross revenues over this time period can drop significantly. Construction activity increases somewhat during the winter months when frozen ground allows cost-effective access to the muskeg or swamp areas of northern Alberta and British Columbia. The bulk of the reclamations are conducted in the summer and early fall and this work serves to offset the loss of the winter construction activity.

Seaway's business depends significantly on the level of spending by oil & gas companies for exploration & development and abandonment activities. Sustained increases or decreases in the price of natural gas or oil can materially impact such activities, and thereby materially affect the Company's financial position, results of operations and cash flows.

In recent years, Seaway has seen a substantial decline is revenue predominantly due to decreased activity associated with depressed natural gas prices. In addition, the Company saw a further drop in revenue due to the recent completion of a significant long term contract with a major client.

Seaway has recently taken steps to replace this lost revenue. However, the Company does not anticipate any material change in natural gas prices and related activities in the foreseeable future. As a result, the business development activities of the Company will be relationship-driven and based on the personal goodwill of management. Accordingly, the Company expects it will take some time to build new relationships and replace lost revenue.

Summary Financial Profile

The annual financial statements of Seaway for the five years ended September 30 are attached herewith along with the unaudited interim financial statements for the stub period ended October 31, 2011. See Schedule 1 – Seaway Financial Statements.

Seaway has prudently managed its balance sheet by maintaining manageable levels of debt and positive working capital over the five year period ended as at the Valuation Date. This prudent financial management was necessitated by a significant decrease in revenue. Management attributes the declining revenue to depressed natural gas prices and related activity and competitive price pressures.

The Company also suffered significant margin erosion whereby EBITDA margins declined from over 16% in fiscal 2007 to 5.5% in fiscal 2011. Management attributes this margin erosion to competitive price pressures and a gradual shift in revenue mix from construction and reclamation activities to environmental consulting activities.

Definition of Fair Market Value

This valuation analysis and opinion has been developed by reference to the concept of fair market value which is generally taken to mean the highest price that would prevail in an open and unrestricted market between informed and prudent parties, acting at arm's length and under no compulsion to act, expressed in terms of cash. The Valuation has been developed on an *en bloc* basis without allowance for value discount considerations that might bear on the worth of individual minority holdings of Common Shares. In addition, the Valuation does not purport to recognize value effects that might arise under an assumption of an acquisition of the Company through competitive bidding by multiple synergistic buyers in an auction-based price discovery process. Usable information necessary for that kind of analysis is normally only available from an actual sale process and this valuation assignment did not contemplate that form of value investigation.

Basis of Valuation

The Valuation was prepared on a going concern basis. Under the going concern assumption, it is presumed that the Company will continue in operation and that there will be no need to liquidate or cease operating.

In the opinion of Probity, the going concern assumption is appropriate because: i) the Company has been in operation for several years and has consistently generated positive rates of return on shareholders' equity; ii) the Company is consistently meeting its obligations as they come due; and iii) the going concern assumption will generally result in a higher value than a liquidation-based approach.

Approaches to Valuation

There are four generally accepted approaches for valuing a going concern business interest: the Income Approach; the Market Approach; the Asset approach; or some combination of the three preceding approaches.

The Income Approach is based on the premise that value is prospective and determined through the application of a capitalization factor or multiple to a measure of current or expected future earnings or cash flow, or through the application of a discount rate to projected future cash flows.

The Market Approach is rooted in the economic principle of competition: that in a free market the supply and demand forces will drive the price of business assets to a certain level of equilibrium. Buyers will not pay more for a business interest, and sellers will not accept less, than the price of a comparable business enterprise.

The Asset Approach is based on the principle of substitution: no rational buyer will pay more for business assets than the cost of procuring assets of similar economic utility.

Valuation of Seaway

In determining our estimate of the range of the *en bloc* fair market value of the Common Shares of the Company as at the Valuation Date, we considered each of generally accepted approaches to valuation and the different methodologies available within each approach.

After due consideration, we chose three valuation methodologies based on the three primary approaches to valuation. We selected:

1. The Capitalized Maintainable After-Tax Earnings Method, an Income Approach, which involves capitalizing the Company's estimated maintainable annual after-tax earnings;

2. The Adjusted Net Book Value Method, an Asset Approach, which involves adjusting the tangible assets and liabilities of Seaway to their current fair market values with the resultant net equity representing the going concern value of the business; and

3. The Guideline Public Company Method, a Market Approach, which compares Seaway to other similar companies whose common shares trade on a recognized Canadian stock exchange.

While the use of the Discounted Cash Flow Method, an Income Approach, is widely viewed as the preferred method of valuing a going concern business interest, it requires the preparation by management of financial projections over a three to five year time period. Due to the cyclical and uncertain nature of the Company's business, the management of Seaway has traditionally chosen not to prepare such projections. Accordingly, the use of the Discounted Cash Flow Method for the purposes of this analysis is not possible.

The Capitalized Maintainable After-Tax Earnings Method

The Capitalized Maintainable After-Tax Earnings Method, an Income Approach, involves capitalizing the Company's estimated maintainable annual after-tax earnings as at the Valuation Date.

This method of valuation was chosen for the following reasons:

1. The Company has been in operation for several years and has consistently generated positive rates of return on shareholders' equity; and

2. The Company has no significant fixed asset requirement and annual sustainable capital reinvestment requirements are assumed to be approximately equal to accounting depreciation.

In using the Capitalized Maintainable After-Tax Earnings Method, we reviewed historical operating results of the Company and made certain assumptions and adjustments in order to formulate a representative range of maintainable future after-tax earnings.

The maintainable future after-tax earnings were then capitalized using a capitalization rate or multiplier we deemed reflective of the risk associated with the maintainable future after-tax earnings. In selecting an appropriate capitalization rate, we considered the following factors, among others:

1. historical operating results, including the recent decline in revenue and erosion of profit margins;

2. the Company's history of generating positive rates of return on shareholders' equity;

3. the cyclical nature of the industry in which the Company conducts its business;

4. the business income attributable to the personal goodwill of management; and

5. the risk associated with a relatively high degree of client concentration.

To arrive at the fair market value of shareholders' equity using this method, we then added net redundant assets, the net assets of the business which are not required for ongoing operations, to our estimate of the capitalized value of after-tax earnings.

Based on the foregoing, we estimate the *en bloc* fair market value of the Common Shares of the Company as at the Valuation Date to be in the range of $1,150,000 to $1,230,000 using the Capitalized Maintainable After-Tax Earnings Method. See Schedule 2 – Capitalized Maintainable After-Tax Earnings Method.

The Adjusted Net Book Value Method

The Adjusted Net Book Value Method involves adjusting the tangible assets and liabilities of Seaway to their current fair market values with the resultant net equity representing the going concern value of the business as at the Valuation Date. This method of valuation was chosen due to several factors we considered relevant in the circumstances:

1. The Company has little in the way of fixed assets. A significant majority of the Company's assets are current in nature and closely approximate their fair market value;

2. A significant portion of the Company's business income can be attributable to the personal goodwill of management;

3. While generating positive cash flow and earnings throughout the study period, the Company has experienced steadily declining business volumes and significant margin erosion.

Based on the foregoing, we estimate the *en bloc* fair market value of the Common Shares of the Company as at the Valuation Date to be approximately $842,000 using the Adjusted Net Book Value Method. See Schedule 3 – Adjusted Net Book Value Method.

The Guideline Public Company Method

We also used the Guideline Public Company Method to estimate the fair market value of Seaway. For this purpose, we considered firms that operate in comparable markets – either as competitors to some degree or as providers of services on terms that plausibly reflect comparable economic logic to the basis upon which Seaway approaches the market. As is frequently the case in such a process – particularly for a small company like Seaway which operates in a sector that appears to involve a relatively fragmented universe of participants under conditions where service offerings are changing – comparisons with the market valuation of other companies are not strong. However, despite these limitations, the Guideline Public Company Method can nevertheless provide useful insight into the value of a particular subject company, such as Seaway.

On consideration of the data from trading activity for the selected guideline companies in relation to estimating the fair market value of Seaway as at the Valuation Date, we concluded that a usable range of multiples at the Enterprise Value level is 3.2 to 3.6 times estimated maintainable annual EBITDA. Upon application of these multiples to estimated maintainable annual EBITDA, we estimate the *en bloc* fair market value of the Common Shares of the Company as at the Valuation Date to be in the range of $790,000 to $910,000 using the Guidelines Public Company Method. See Schedule 4 – Guideline Public Company Method.

Comparison to Stock Market Price

The Common Shares of Seaway trade on the TSX Venture Exchange. There are many no-activity days indicating limited market interest in the stock. The closing price of the Common Shares as at the Valuation Date was $0.0500 per share on volume of 52,000 shares. The 10-day volume weighted average closing price as at the Valuation date was $0.0446 per share on average daily volume of 11,200 shares. The 30-day volume weighted average closing price as at the Valuation Date was $0.0362 per share on average daily volume of 83,567 shares.

While we generally believe that the 30-day volume weighted average closing price is more reflective of fair market value due to higher average daily trading volumes, indicated interest in the stock does not appear to be high enough to warrant a conclusion that it is efficiently priced against capital market criteria.

Valuation Conclusion

On the basis of our review and the factors and considerations reflected herein and the assumptions necessary to the formulation of the conclusions reached, it is our opinion that the *en bloc* fair market value of the Common Shares of the Company as at the Valuation Date falls in a range of $842,000 to $1,190,000.

Yours very truly,

PROBITY CAPITAL ADVISORS INC.

Probity Capital Advisors Inc.

SCHEDULE 1

SEAWAY FINANCIAL STATEMENTS

HISTORICAL BALANCE SHEET

As at	October 31,		September 30,							
	2011 Unaudited		2011 Unaudited		2010 Audited		2009 Audited		2008 Audited		2007 Audited	
ASSETS												
CURRENT ASSETS												
Cash	$ 222,281	14.1%	$ 237,101	15.9%	$ 222,473	15.5%	$ 65,074	4.1%	$ -	0.0%	$ 253,205	10.6%
Accounts Receivable	1,307,181	82.7%	1,228,025	82.3%	1,117,122	77.6%	1,028,324	65.2%	2,187,574	76.1%	1,971,017	82.4%
Prepaid Expenses	27,786	1.8%	27,786	1.8%	29,142	2.0%	16,679	1.1%	27,057	0.9%	18,075	0.8%
Income Taxes Receivable	-	0.0%	-	0.0%	-	0.0%	22,695	1.4%	74,067	2.6%	-	0.0%
	1,557,248	98.6%	1,492,912	97.8%	1,368,737	95.1%	1,132,772	71.9%	2,288,698	79.7%	2,242,297	93.7%
INTANGIBLE ASSET	-	0.0%	-	0.0%	-	0.0%	336,879	21.4%	443,261	15.4%	-	0.0%
FUTURE INCOME TAXES	3,880	0.2%	14,800	1.0%	50,400	3.5%	79,500	5.0%	103,700	3.6%	92,530	3.9%
PROPERTY, PLANT & EQUIPMENT	18,842	1.2%	19,342	1.3%	20,601	1.4%	26,857	1.7%	37,685	1.3%	57,383	2.4%
	$ 1,579,970	100.0%	$ 1,527,054	100.0%	$ 1,439,738	100.0%	$ 1,576,008	100.0%	$ 2,873,344	100.0%	$ 2,392,210	100.0%
LIABILITIES												
CURRENT LIABILITIES												
Bank Indebtedness	$ -	0.0%	$ -	0.0%	$ -	0.0%	$ -	0.0%	$ 406,234	14.1%	$ -	0.0%
Accounts Payable & Accrued Liabilities	458,717	29.0%	414,932	27.2%	362,602	25.2%	355,345	22.5%	1,036,281	36.1%	919,990	38.5%
GST Payable		0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	319	0.0%
Income Taxes Payable	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	273,574	11.4%
Deferred Income	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Notes Payable	-	0.0%	-	0.0%	-	0.0%	50,000	3.2%	100,000	3.5%	-	0.0%
Current Portion of Convertible Debenture	275,000	17.4%	275,000	18.0%	275,000	19.1%	430,607	27.3%	-	0.0%	-	0.0%
Current Portion of Promissory Note	-	0.0%	-	0.0%	-	0.0%	-	0.0%	435,642	15.2%	902,776	37.7%
	733,717	46.4%	689,932	45.2%	637,602	44.3%	835,952	53.0%	1,978,157	68.8%	2,096,659	87.6%
PROMISSORY NOTE	-	0.0%	-	0.0%	-	0.0%	-	0.0%	50,000	1.7%	495,769	20.7%
CONVERTIBLE DEBENTURE	-	0.0%	-	0.0%	-	0.0%	-	0.0%	391,821	13.6%	-	0.0%
SHAREHOLDER'S EQUITY												
SHARE CAPITAL	2,747,388	173.9%	2,768,518	181.3%	2,926,431	203.3%	2,926,431	185.7%	2,701,879	94.0%	2,541,699	106.2%
CONTRIBUTED SURPLUS	452,024	28.6%	452,024	29.6%	359,906	25.0%	290,881	18.5%	267,981	9.3%	252,161	10.5%
EQUITY COMPONENT OF CONVERTIBLE DEBENTURE	-	0.0%	-	0.0%	-	0.0%	69,025	4.4%	69,025	2.4%	-	0.0%
RETAINED EARNINGS	- 2,353,159	-148.9%	- 2,383,420	-156.1%	- 2,484,201	-172.5%	- 2,546,281	-161.6%	- 2,585,519	-90.0%	- 2,994,078	-125.2%
	846,253	53.6%	837,122	54.8%	802,136	55.7%	740,056	47.0%	453,366	15.8%	- 200,218	-8.4%
	$ 1,579,970	100.0%	$ 1,527,054	100.0%	$ 1,439,738	100.0%	$ 1,576,008	100.0%	$ 2,873,344	100.0%	$ 2,392,210	100.0%
Working Capital	**823,531**		**802,980**		**731,135**		**296,820**		**310,541**		**145,638**	
Current Ratio	**2.1**		**2.2**		**2.1**		**1.4**		**1.2**		**1.1**	
Total Interest-Bearing Debt to Equity	**0.3**		**0.3**		**0.3**		**0.6**		**1.9**		**-7.0**	

INCOME STATEMENT

	Stub Period Ended October 31,		For the Fiscal Year Ended September 30,									
	2011 Unaudited		2011 Unaudited		2010 Audited		2009 Audited		2008 Audited		2007 Audited	
Revenue	**$ 318,106**	***100.0%***	**$ 3,117,282**	***100.0%***	**$ 4,415,145**	***100.0%***	**$ 4,530,025**	***100.0%***	**$ 7,252,502**	***100.0%***	**$ 6,720,564**	***100.0%***
Expenses												
Operating	219,751	*69.1%*	2,272,997	*72.9%*	3,315,609	*75.1%*	3,226,549	*71.2%*	5,130,517	*70.7%*	4,610,654	*68.6%*
General & administrative	54,264	*17.1%*	671,533	*21.5%*	593,224	*13.4%*	1,014,009	*22.4%*	1,223,149	*16.9%*	1,016,698	*15.1%*
Stock-based compensation	-	*0.0%*	-	*0.0%*	-	*0.0%*	2,900	*0.1%*	40,000	*0.6%*	85,930	*1.3%*
Interest	2,063	*0.6%*	31,663	*1.0%*	52,876	*1.2%*	66,135	*1.5%*	99,934	*1.4%*	171,476	*2.6%*
Financing cost accretion	-	*0.0%*	-	*0.0%*	19,393	*0.4%*	38,786	*0.9%*	19,393	*0.3%*	-	*0.0%*
Amortization of property and equipment	500	*0.2%*	5,761	*0.2%*	6,830	*0.2%*	10,828	*0.2%*	13,194	*0.2%*	20,872	*0.3%*
Amortization of intangible asset	-	*0.0%*	-	*0.0%*	106,328	*2.4%*	106,382	*2.3%*	88,651	*1.2%*	-	*0.0%*
Impairment provision of intangible asset	-	*0.0%*	-	*0.0%*	230,551	*5.2%*	-	*0.0%*	-	*0.0%*	-	*0.0%*
	276,577	*86.9%*	2,981,954	*95.7%*	4,324,811	*98.0%*	4,465,589	*98.6%*	6,614,838	*91.2%*	5,905,630	*87.9%*
Income before other and income taxes	**41,529**	***13.1%***	**135,328**	***4.3%***	**90,334**	***2.0%***	**64,436**	***1.4%***	**637,664**	***8.8%***	**814,934**	***12.1%***
Other income												
Interest	90	*0.0%*	1,053	*0.0%*	846	*0.0%*	917	*0.0%*	9,487	*0.1%*	20,993	*0.3%*
Income before taxes	**41,618**	***13.1%***	**136,381**	***4.4%***	**91,180**	***2.1%***	**65,353**	***1.4%***	**647,151**	***8.9%***	**835,927**	***12.4%***
Income Taxes												
Current	-	*0.0%*	-	*0.0%*	-	*0.0%*	-	*0.0%*	-	*0.0%*	-	*0.0%*
Future	10,920	*3.4%*	35,600	*1.1%*	29,100	*0.7%*	26,115	*0.6%*	238,592	*3.3%*	380,509	*5.7%*
Net and comprehensive income for the year	**$ 30,698**	***9.7%***	**$ 100,781**	***3.2%***	**$ 62,080**	***1.4%***	**$ 39,238**	***0.9%***	**$ 408,559**	***5.6%***	**$ 455,418**	***6.8%***
Opening Retained Earnings	-$ 2,383,420		-$ 2,484,201		-$ 2,546,281		-$ 2,585,519		-$ 2,994,078		$ 150,504	
Net Income	$ 30,698		$ 100,781		$ 62,080		$ 39,238		$ 408,559		$ 455,418	
Dividends Paid	$ -		$ -		$ -		$ -		$ -		$ -	
Cost of Acquisition	$ -		$ -		$ -		$ -		$ -		-$ 3,600,000	
Refundable Income Taxes	$ -		$ -		$ -		$ -		$ -		$ -	
Adjusting Entry	-$ 438		$ -		$ -		$ -		$ -		$ -	
Closing Retained Earnings	-$ 2,353,159		-$ 2,383,420		-$ 2,484,201		-$ 2,546,281		-$ 2,585,519		-$ 2,994,078	
Shares Outstanding, End of Period	28,877,470		29,477,470		30,998,470		30,998,470		25,988,470		24,628,470	
Net Earnings Per Share	**$ 0.001**		**$ 0.003**		**$ 0.002**		**$ 0.001**		**$ 0.016**		**$ 0.018**	

SCHEDULE 2

CAPITALIZED MAINTAINABLE AFTER-TAX EARNINGS METHOD

CAPITALIZED MAINTAINABLE AFTER-TAX EARNINGS				
For the Fiscal Year Ended	**FYE September 30**			
	2011 Unaudited	**2010 Audited**	**2009 Audited**	**Notes**
Income before taxes	**$ 136,381**	**$ 91,180**	**$ 65,353**	(1)
Adjustments				
Stock-based compensation	-	-	2,900	
Interest	31,663	52,876	66,135	
Financing cost accretion	-	19,393	38,786	
Amortization of property and equipment	5,761	6,830	10,828	(2)
Amortization of intangible asset	-	106,328	106,382	(3)
Impairment provision of intangible asset	-	230,551	-	(4)
Public company expenses	25,000	25,000	25,000	(5)
Non-recurring litigation expenses	30,165	5,711	1,692	(6)
One-time severance expense	-	-	141,389	(6)
	92,589	446,689	393,112	
Adjusted EBITDA	**228,971**	**537,869**	**458,465**	
	High	**Low**		
Estimated Maintainable Annual EBITDA	**$ 300,000**	**$ 225,000**		(7)
Depreciation and Amortization	$ 7,500	$ 7,500		(8)
Interest	$ 11,699	$ 11,699		(9)
Earnings Before Tax	$ 280,801	$ 205,801		
Taxes	$ 36,504	$ 26,754		(10)
Net earnings	**$ 244,296**	**$ 179,046**		
Multiplier	4.0	5.0		(11)
Capitalized Earnings	977,186	895,232		
Add: Redundant Cash	222,281	222,281		(12)
Add: Leverage Redundancy	36,986	36,986		(13)
Add: Expected Value of Non-Capital Losses	7,358	7,358		(14)
Deduct: Pro Rated Interest Expense on Debenture	- 10,313	- 10,313		(15)
Range of Equity Value	**$ 1,233,498**	**$ 1,154,499**		
Per Share	$ 0.043	$ 0.040		
Shares Outstanding	28,877,470			

Notes:
(1) Per financial statements
(2) Principally office equipment and fixtures
(3) Customer list pursuant to acquisition effective in 2007
(4) Impairment charge as a result of write-off of customer list
(5) Added back in anticipation of Take Private Transaction; estimated by management
(6) Per management
(7) Selected on basis of most recent operating results due to recent material changes in business operations
(8) Assume depreciation and amortization approximates sustaining capital reinvestment
(9) Total borrowing capacity multiplied by effective interest rate of 3.75%. See Schedule 2A - Leverage Analysis
(10) Assume CCPC tax rate of 13% per management
(11) See report for details on the selection of the capitalization rate
(12) Cash and equivalents per balance sheet deemed redundant as company maintains unused $600,000 operating line of credit as at October 31, 2011
(13) See Schedule 2A - Leverage Analysis
(14) Non-capital losses of $56,600 multiplied by marginal tax rate of 13%
(15) Pro rated interest expense on 9% convertible debenture due April 4, 2012; assume paid out in full at maturity through operating line

SCHEDULE 2A

LEVERAGE ANALYSIS

LEVERAGE ANALYSIS
As at October 31, 2011

		Notes
Total interest-bearing debt outstanding	$ 275,000	(1)
Total shareholders' equity	$ 846,253	(2)
Total debt to equity ratio	0.32	
Target debt to equity ratio	0.50	(3)
Additional Borrowing Capacity:		
Actual shareholders' equity	$ 846,253	
Less: Redundant cash	$ 222,281	(4)
Adjusted shareholders' equity	$ 623,972	
Total borrowing capacity	$ 311,986	(5)(6)
Total interest-bearing debt outstanding	$ 275,000	
Leverage redundancy	**$ 36,986**	

Notes:
(1) 9% Convertible debenture due April 4, 2012 exercisable at $0.15 per share
(2) Shareholders' equity per balance sheet as at October 31, 2011
(3) Target capital structure given cyclical and seasonal nature of the business
(4) Cash and equivalents per balance sheet deemed redundant as company currently maintains unused $600,000 operating line of credit as at October 31, 2011
(5) Target debt to equity ratio applied to adjusted shareholders' equity
(6) Total borrowing capacity can be funded through $600,000 operating line at prime plus 1.5%; Current effective rate of 3.75%

SCHEDULE 3

ADJUSTED NET BOOK VALUE METHOD

ADJUSTED NET BOOK VALUE METHOD
As at October 31, 2011
Unaudited

	Book Value	Fair Market Adjustments	Tangible Assets	Notes
ASSETS				
Cash	$ 222,281	$ -	$ 222,281	
Accounts receivable	1,307,181	-	1,307,181	(1)
Prepaid expenses	27,786	-	27,786	
Property plant and equipment	18,842	-	18,842	(2)
Future income taxes	3,880	- 3,880	-	(3)
Total assets	**$ 1,579,970**	**-**	**$ 1,576,090**	
LIABILITIES				
Bank indebtedness	-	-	-	(4)
Accounts payable & accrued liabilities	458,717	-	458,717	
Current portion of convertible debenture	275,000	-	275,000	(5)(6)
Total liabilities	$ 733,717	$ -	$ 733,717	
Total assets less total liabilities	**846,253**	**-**	**842,373**	
Net asset value			**$ 842,373**	
Net asset value per share			$ 0.029	
Share outstanding			28,877,470	

Notes:
(1) Majority of receivables are current
(2) Assume net book value approximates fair market value
(3) Income tax assets related to timing differences between financial and tax reporting are removed from the analysis
(4) Unused $600,000 revolving demand loan facility bearing interest at prime plus 1.5%. Effective rate of 3.75%
(5) Due to a director & officer; bears interest at 9% and convertible into common shares at $0.15 per share
(6) Matures April 4, 2012; assume paid out in full at maturity through operating line

SCHEDULE 4

GUIDELINE PUBLIC COMPANY METHOD

GUIDELINE PUBLIC COMPANY METHOD
Descriptions of Guideline Public Companies

Company Name	Ticker Symbol	TTM EBITDA [1]	Company Description
Cordy Oilfield Services Inc. ("Cordy")	CKK-X	$ 7.49	Cordy is an oilfield and construction services company organized into four industry segments: heavy construction, pipeline, manufacturing and environmental services.
HSE Integrated Ltd. ("HSE Integrated")	HSL-T	$ 9.03	HSE Integrated is an industrial safety services company that provides a comprehensive and integrated suite of health, safety and environmental monitoring services.
Macro Enterprises Inc. ("Macro")	MCR-X	$ 11.11	Macro provides pipeline and facilities construction and maintenance services to major companies in the oil & gas industry in northeastern British Columbia and northwestern Alberta.
New West Energy Services Inc. ("New West")	NWE-X	$ 1.39	New West sells chemicals and provides field engineering services to oil & gas exploration and production companies. Also provides environmental services to the upstream oil & gas industry and operates a fleet of vacuum and water trucks.

Notes:
(1) Trailing Twelve Months Earnings before Interest Taxes, Depreciation and Amortization in $MM as at Valuation Date

GUIDELINE PUBLIC COMPANY METHOD

Company Name	Fiscal Year-End	Ticker Symbol	Shares o/s [1] (MM)	Recent Price [2]	Market Cap ($MM)	Net Debt [3] ($MM)	Enterprise Value [4] ($MM)	TTM Revenue [5] ($MM)	TTM EBITDA [6] ($MM)	EV/TTM EBITDA
Cordy Oilfield Services Inc.	Dec 31	CKK-X	87.4	$ 0.340	$ 29.70	$ 15.75	$ 45.45	$ 95.72	$ 7.49	6.1
HSE Integrated Ltd.	Dec 31	HSL-T	38.7	$ 0.580	$ 22.45	$ 6.54	$ 29.00	$ 96.09	$ 9.03	3.2
Macro Enterprises Inc.	Dec 31	MCR-X	23.9	$ 0.190	$ 4.55	$ 18.97	$ 23.52	$ 108.85	$ 11.11	2.1
New West Energy Services Inc.	Apr 30	NWE-X	91.8	$ 0.050	$ 4.59	-$ 0.12	$ 4.47	$ 17.40	$ 1.39	3.2
Seaway Energy Services Inc.	**Sep 30**	**SEW-X**	**30.2**	**$ 0.050**	**$ 1.51**	**-$ 0.39**	**$ 1.12**	**$ 3.22**	**$ 0.14**	**7.7**

Trading Statistics [7]	
Mean	*3.6*
Median	*3.2*
Standard Deviation	*1.7*
Coefficient of Variation	*46%*

Valuation Summary Seaway Energy Services Inc.	Low	High
Maintainable Annual EBITDA [8]	$ 0.26	$ 0.26
Multiple [9]	3.2	3.6
Enterprise Value	$ 0.84	$ 0.96
Less: Net Debt [10]	$ 0.05	$ 0.05
Equity Value	$ 0.79	$ 0.91
Shares outstanding [11]	28.9	28.9
Per Share Amount	$ 0.027	$ 0.031

Notes:
(1) Basic shares outstanding, end of most recent reported quarter as at Valuation Date
(2) Closing price as at Valuation Date
(3) Net debt equals interest bearing debt less cash on hand; most recent reported quarter as at Valuation Date
(4) Enterprise value equals market cap plus net debt
(5) Trailing twelve months reported revenue as at Valuation Date
(6) Trailing twelve months reported earnings before interest, taxes, depreciation and amortization as at Valuation Date
(7) Excluding Seaway Energy Services Inc.
(8) Midpoint of estimated maintainable annual EBITDA in $MM. See Schedule 2 - Capitalized Maintainable After-Tax Earnings Method
(9) Assume range falls within calculated mean and calculated average prior to any microcap discount or control premium
(10) Net debt in $MM as at Valuation Date
(11) Shares outstanding in MM as at Valuation Date

SCHEDULE "G"
SUPPORT AGREEMENT

THIS SUPPORT AGREEMENT is made this 6th day of January, 2012.

BETWEEN:

SEAWAY ENERGY SERVICES INC., a corporation incorporated pursuant to the provisions of the *Business Corporations Act* (Alberta) (hereinafter referred to as the "**Corporation**")

- AND -

JERRY J. BUDZIAK, an individual residing in the City of Calgary in the Province of Alberta (hereinafter referred to as "**Budziak**")

- AND -

DAVID BURROUGHS, an individual residing in the City of Edmonton in the Province of Alberta (hereinafter referred to as "**Burroughs**")

- AND -

ELIAS FOSCOLOS, an individual residing in the City of Calgary in the Province of Alberta (hereinafter referred to as "**Foscolos**")

(each of the Corporation and Budziak, Burroughs and Foscolos are referred to as a "**Party**" and collectively, the "**Parties**")

RECITALS:

A. Defined terms in these recitals have the meaning ascribed to them in the body of this Agreement.

B. The Corporation wishes to proceed with the Going Private Transaction, which transaction is intended to be carried out by way of the Redemption;

C. In order to proceed with the Redemption the Corporation requires the approval of its Shareholders (including the approval of its Minority Shareholders) to the Amendment Resolution.

D. The Corporation has agreed, pursuant to this Agreement, to call the Meeting in order for Shareholders to consider and, if deemed advisable, approve the Amendment Resolution.

E. It is intended that as soon as practicable following the Effective Time, the Redemption will proceed and immediately following the Redemption the Interested Shareholders will be the only remaining Shareholders.

F. The Parties desire to enter into this Agreement in order to establish, among other things, the terms upon which Budziak, Burroughs and Foscolos will support the Amendment, the Redemption and the Going Private Transaction.

NOW THEREFORE in consideration of the mutual covenants and agreements contained herein and other good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged), the Parties agree as follows:

1. INTERPRETATION

In this Agreement, unless there is something in the context or subject matter inconsistent therewith, the following defined terms shall have the meanings hereinafter set forth:

"**ABCA**" means the *Business Corporations Act* (Alberta);

"**affiliate**" has the meaning ascribed to that term in the *Securities Act* (Alberta);

"**Agreement**" means this support agreement, and the expressions "**hereof**", "**herein**", "**hereto**", "**hereunder**", "**hereby**" and similar expressions refer to this support agreement;

"**Amendment**" has the meaning ascribed thereto in Section 2.1(a);

"**Amendment Resolution**" has the meaning ascribed thereto in Section 2.1(b);

"**Articles of Amalgamation**" means the articles of amalgamation of the Corporation filed on September 30, 2008, including any amendments thereto;

"**associate**" has the meaning ascribed to that term in the *Securities Act* (Alberta);

"**Board**" means the board of directors of the Corporation;

"**Business Day**" means any day on which commercial banks are generally open for business in Calgary, Alberta, other than a Saturday, Sunday or a day observed as a holiday in Calgary, Alberta under applicable laws;

"**Circular**" means the management information circular of the Corporation to be prepared and delivered to Shareholders in connection with the Meeting and all amendments or supplements thereto, if any, together with any other required documents;

"**Completion Date**" means the date on which the Redemption Funds have been forwarded to the Depositary and the Depositary has been instructed or caused by the Corporation, in accordance with Sections 2.2(a)(iii) and 3.1.2(l), to deliver the Consideration to the Minority Shareholders;

"**Consideration**" means $0.040 per Share, to be paid by the Corporation to the Minority Shareholders (other than a Dissenting Shareholder) pursuant to the Redemption;

"**Corporation**" means Seaway Energy Services Inc.;

"**Depositary**" means Equity Financial Trust Company or such other person to act as depositary for the Shares that the Parties may agree in writing;

"**Depositary Agreement**" has the meaning ascribed thereto in Section 3.1.2(e);

"**Dissent Rights**" means the rights of dissent in respect of the Amendment set out in Section 191 of the ABCA;

"**Dissenting Shareholder**" means a registered Shareholder who has validly exercised his, her or its dissent rights in respect of the Amendment, under and strictly in accordance with the provisions of Section 191 of the ABCA;

"**Effective Date**" means, with respect to both the Amendment and the Redemption, the date that the Amendment is approved by the Shareholders and the Minority Shareholders;

"**Effective Time**" means, with respect to both the Amendment and the Redemption the time on the Effective Date when the Amendment is approved by the Shareholders and the Minority Shareholders;

"**Going Private Transaction**" means the going private transaction contemplated by this Agreement which includes the Amendment and the Redemption, and after the Completion Date, the applications to delist the Shares on the TSX Venture Exchange and to cease to be a reporting issuer in the provinces of Alberta and British Columbia;

"**Interested Shareholders**" means, collectively, those Shareholders listed in Schedule "B" attached hereto;

"**Letter of Transmittal**" means the letter of transmittal to be delivered to holders of Shares on the Record Date, together with the Circular, in connection with the Meeting;

"**Meeting**" means the annual general and special meeting of Shareholders of the Corporation called for the purposes of, *inter alia*, considering and voting on the Amendment Resolution;

"**Meeting Date**" means February 2, 2012, unless the Meeting is adjourned, delayed or postponed in accordance with Section 3.1.1(b) in which case "**Meeting Date**" shall refer to the date on which the Meeting is held;

"**Minority Shareholders**" means all of the holders of Shares, other than the Interested Shareholders;

"**MI 61-101**" means Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions;*

"**Non-Dissenting Minority Shareholders**" has the meaning ascribed thereto in Section 2.2(a)(iv)(1);

"**Outside Date**" means February 29, 2012;

"**Record Date**" means the record date for the Meeting, such date to be not later than December 28, 2011;

"**Redemption**" has the meaning ascribed thereto in Section 2.2(a)(i);

"**Redemption Funds**" means an amount equal to the aggregate Consideration to be paid to the Minority Shareholders in accordance with the Redemption;

"**Redemption Resolution**" has the meaning ascribed thereto in Section 2.2(a)(i);

"**Register of Shareholders**" means the register of Shareholders kept by the Registrar and Transfer Agent;

"**Registrar and Transfer Agent**" means Equity Financial Trust Company;

"**Shares**" means common shares in the capital of the Corporation;

"**Shareholders**" means persons listed in the Register of Shareholders as the holders of Shares;

"**Special Committee**" means the special committee of the Board comprised of Michael Windle, which was established on November 25, 2011, in order to consider, inter alia, the proposed Going Private Transaction;

"**Subject Shares**" means the aggregate of 11,698,000 Shares beneficially owned or over which control or direction is exercised, directly or indirectly, by the Interested Shareholders, as described in Schedule "B"; and

"**TSX Venture Exchange Policy 5.9**" means the TSX Venture Exchange Policy 5.9 – *Protection of Minority Security Holders in Special Transactions.*

2. THE AMENDMENT, THE REDEMPTION AND THE POST-REDEMPTION STEPS

2.1 Terms of the Amendment

(a) Subject to satisfaction or, if capable of waiver, waiver of the terms and conditions set out in this Agreement, as at the Effective Time of the Amendment, the Articles of Amalgamation will be amended so as to give the Corporation the right to redeem, prior to March 1, 2012, any or all of its then outstanding Shares, at a price of $0.040 per Share (the "**Amendment**").

(b) The Parties acknowledge that the resolution required to approve the Amendment (the "**Amendment Resolution**") must be approved by:

(i) not less than two-thirds of the votes cast in favour thereof by Shareholders attending the Meeting in person or represented by proxy; and

(ii) a "majority of the minority" of the votes cast in favour thereof, for the purposes of TSX Venture Exchange Policy 5.9 (which incorporates the provisions of MI 61-101), by Minority Shareholders attending the Meeting in person or represented by proxy.

(c) The text of the Amendment Resolution to be voted on at the Meeting is set out in Schedule "B" attached hereto.

2.2 Terms of the Redemption

(a) Subject to satisfaction or, if capable of waiver, waiver of the terms and conditions set out in this Agreement:

(i) not less than ten (10) Business Days prior to the Meeting Date, the Corporation may make a written request to Budziak, Burroughs and Foscolos for delivery of the Redemption Funds or a portion thereof, if any, required by the Corporation to ensure it has sufficient funds to pay for the Redemption in accordance with the terms contemplated herein, and not less than two (2) Business Days prior to the Meeting Date, Budziak, Burroughs and Foscolos shall deliver the Redemption Funds or such portion thereof, if any (by way of loan repayable in cash on the terms and conditions to be determined by the Corporation and Budziak, Burroughs and Foscolos) to the Depositary;

(ii) not less than two Business Days prior to the Meeting Date the Board shall pass a resolution to redeem (the "**Redemption**") all Shares held by the Minority Shareholders (the "**Redemption Resolution**") which Redemption Resolution shall specify that the Redemption shall become effective immediately after, and only in the case where: (1) the Amendment is approved by the Shareholders and Minority Shareholders at the Meeting; and (2) not more than **15%** of the Shareholders have exercised, or taken steps to exercise, Dissent Rights in connection with the Amendment;

(iii) as soon as practicable after the Effective Date the Corporation will forward, or cause to be forwarded, the Redemption Funds to the Depositary and cause the Depositary to: (1) deliver the Consideration, in accordance with the terms of the Depositary Agreement (less all applicable withholding tax, if any), to the Minority Shareholders who tender their Shares to the Depositary accompanied by a duly executed Letter of Transmittal; and (2) remove all such Minority Shareholders (including relevant Dissenting Shareholders) from the Register of Shareholders, with the result that the Interested Shareholders shall as of the Completion Date be the only holders of Shares;

(iv) as and from the Effective Time, no Minority Shareholder shall be entitled to, or exercise, any of the rights of a Shareholder in respect of any Share other than:

(1) in the case of Minority Shareholders (the "**Non-Dissenting Minority Shareholders**") that are not Dissenting Shareholders, the right to receive an amount determined by multiplying the Consideration by the number of Shares held by such Shareholders immediately prior to the Effective Time (less all applicable withholding tax, if any), such payment to be made without interest or deduction by the Depositary as soon as practicable following the Effective Time and the performance by the Corporation of its required obligations contemplated under Section 2.2(a)(iii). Such Non-Dissenting Minority Shareholders shall be entitled to receive payment of the relevant amount referred to above following the presentation and surrender to the Depositary for cancellation of the certificate(s) representing the Shares held by them immediately prior to the Effective Time of the Redemption, along with a properly executed Letter of Transmittal; and

(2) in the case of a Dissenting Shareholder, such Shareholder shall only have the right to be paid the fair value for their Shares in accordance with the provisions of Section 191 of the ABCA.

2.3 Post-Redemption Steps

(a) Should the Amendment and Redemption become effective, as soon as practicable after the Completion Date, the Corporation shall:

(i) make application to the TSX Venture Exchange to delist its Shares; and

(ii) make application to cease to be a reporting issuer in the provinces of Alberta and British Columbia.

3. COVENANTS

3.1 Covenants of the Corporation

3.1.1. The Corporation covenants and agrees that from the date hereof until the earlier of the Completion Date and termination of this Agreement, except as otherwise expressly permitted or specifically provided by this Agreement or as is otherwise required by applicable law:

(a) not to take any action that would render, or may reasonably be expected to render, any representation or warranty made by it in this Agreement untrue in any material respect at any time prior to the Completion Date;

(b) not to adjourn, delay or postpone the Meeting or the Meeting Date without the prior written consent of Budziak, Burroughs and Foscolos unless (i) required by applicable law or the rules of the TSX Venture Exchange; or (ii) required by a court of competent jurisdiction or required by or as a result of any requirements imposed by any securities regulatory authority having jurisdiction over the Corporation, provided that any adjournment, delay or postponement permitted pursuant to (i) and (ii) above shall be limited to the minimum length of time necessary;

(c) not to issue any additional Shares or any securities which may be exercised for or converted into Shares (other than Shares issuable pursuant to the exercise of previously issued convertible securities of the Corporation outstanding on the date hereof); and

(d) not to purchase for cancellation any additional Shares under the normal course issuer bid of the Corporation as described in its Form 4G - *Notice of Intention to Make a Normal Course Issuer Bid* dated February 10, 2011.

3.1.2. The Corporation shall use its commercially reasonable efforts to perform all obligations required to be performed by it under this Agreement and to perform all such other acts as may be necessary in order to consummate the transactions contemplated by this Agreement, and without limiting the generality of the foregoing, the Corporation shall:

(a) if not already done so, as promptly as possible after the execution of this Agreement (i) set and publish notice of the Record Date; and (ii) in compliance with all applicable laws, prepare the Circular and provide Budziak, Burroughs and Foscolos with reasonable opportunity to review and comment on drafts thereof, shall include all of Budziak's, Burroughs' and Foscolos' reasonable comments thereon, and shall ensure that the Circular provides the Shareholders (including the Minority Shareholders) with information in sufficient detail to permit them to form a reasoned judgment concerning the matters before them, and the Circular shall include the unanimous determination of the Special Committee that the Redemption is fair to the Minority Shareholders, that the Going Private Transaction as a whole is in the best interests of the Corporation and the Minority Shareholders, and include the unanimous recommendation of the Board, subject to the disclosure of interests and abstentions by all interested directors, that the Shareholders and Minority Shareholders vote in favour of the Amendment;

(b) use its commercially reasonable efforts to mail to the Shareholders the Circular and such other documentation required in order to convene and hold the Meeting by the Meeting Date in compliance with all applicable laws;

(c) use its commercially reasonable efforts to fulfill or cause to be fulfilled the conditions relating to it set forth in Section 5 as soon as reasonably practicable;

(d) conduct and hold the Meeting in accordance with the by-laws of the Corporation and as required by law;

(e) prior to the date of mailing of the Circular, appoint the Depositary and enter into a depositary agreement with the Depositary in form and substance satisfactory to the Budziak, Burroughs and Foscolos acting reasonably (the "**Depositary Agreement**");

(f) make all necessary filings and applications under Canadian federal and provincial laws and regulations required to be made on the part of the Corporation in connection with the Going Private Transaction and the Meeting and take all commercially reasonable action necessary to be in compliance with such laws and regulations;

(g) do all things necessary to implement the Amendment and the Redemption, and cooperate with all reasonable requests of Budziak, Burroughs and Foscolos in respect thereof;

(h) do all things necessary to obtain the approval of the Going Private Transaction from the TSX Venture Exchange;

(i) consult with Budziak, Burroughs and Foscolos on all correspondence and dealings with the TSX Venture Exchange and securities regulators;

(j) not less than ten (10) Business Days prior to the Meeting Date, make a written request to Budziak, Burroughs and Foscolos for delivery of the Redemption Funds or a portion thereof, if required to ensure the Corporation has sufficient funds to pay for the Redemption in accordance with the terms contemplated herein;

(k) not less than two Business Days prior to the Meeting Date, convene a meeting of the Board to consider, and if thought fit, pass the Redemption Resolution;

(l) as soon as practicable after the Effective Date, forward, or cause to be forwarded, the Redemption Funds to the Depositary and cause the Depositary to: (1) deliver the Consideration, in accordance with the terms of the Depositary Agreement (less applicable withholding tax, if any), to the Minority Shareholders who tender their Shares to the Depositary accompanied by a duly executed Letter of Transmittal; and (2) remove all such Minority Shareholders (including relevant Dissenting Shareholders) from the Register of Shareholders;

(m) take such steps as are necessary to ensure that the Corporation has sufficient funds to enable the Corporation to (i) deliver the Redemption Funds required by Section 3.1.2 (k) hereof, and (ii) satisfy the tests in Section 36(2) of the ABCA; and

(n) as soon as practicable after the Completion Date, the Corporation shall: (i) make application to the TSX Venture Exchange to (i) delist its Shares, and (ii) make

application to cease to be a reporting issuer in the provinces of Alberta and British Columbia.

3.2 Covenants of Budziak, Burroughs and Foscolos

3.2.1. Budziak, Burroughs and Foscolos jointly and severally covenant and agree that from the date hereof until the earlier of the Completion Date or termination of this Agreement, except as otherwise expressly permitted or specifically provided by this Agreement:

(a) not to take or permit any action that would render, or may reasonably be expected to render, any representation or warranty made by any of them in this Agreement untrue in any material respect at any time prior to the Completion Date;

(b) to provide the Corporation immediate notice of any additional Shares that Budziak, Burroughs or Foscolos may hereafter become the beneficial owner of or exercise control or direction over; and

(c) use their commercially reasonable efforts not to permit the sale or gifting of any of the Subject Shares.

3.2.2. Budziak, Burroughs and Foscolos shall use commercially reasonable efforts to perform all obligations required to be performed by any of them under this Agreement and to perform all such other acts as may be necessary in order to consummate the transactions contemplated by this Agreement, and without limiting the generality of the foregoing, Budziak, Burroughs and Foscolos shall:

(a) use commercially reasonable efforts to fulfill or cause to be fulfilled of the conditions relating to them set forth in Section 5 herein as soon as reasonably practicable;

(b) cause all of the Subject Shares to be voted in favour of the Amendment Resolution at the Meeting;

(c) cause the Interested Shareholders not to withdraw any proxies (if any) delivered to the Corporation, the Registrar and Transfer Agent or the Depositary in connection with the Meeting;

(d) use commercially reasonable efforts to have the Interested Shareholders (other than Budziak, Burroughs and Foscolos), to execute and deliver to the Corporation, a consent letter, in a form acceptable to Budziak, Burroughs and Foscolos and the Corporation, expressing the Interested Shareholders (other than Budziak, Burroughs and Foscolos) understanding of the effects of the Going Private Transaction, and expressing their support (including their agreement to vote in favour of the Amendment Resolution) for the transactions contemplated in this Agreement;

(e) provide the Corporation with all relevant information concerning them and the Interested Shareholders for inclusion in the Circular to enable the Corporation to comply with applicable laws; and

(f) subject to receiving a written request of the Corporation as contemplated under Section 3.1.2 (j), deliver the Redemption Funds or a portion thereof, to the Depositary not less than two (2) Business Days prior to the Meeting Date.

4. REPRESENTATIONS AND WARRANTIES

4.1 Representations and Warranties of the Corporation

The Corporation represents and warrants to and with Budziak, Burroughs and Foscolos as follows and acknowledges that Budziak, Burroughs and Foscolos are relying upon such representations and warranties in connection with the matters contemplated by this Agreement:

4.1.1. the Board, upon consultation with its legal and financial advisors and having considered the favourable recommendation of the Special Committee, has, subject to the disclosure of interests and abstentions by all interested directors, unanimously determined that the Consideration offered to the Minority Shareholders pursuant to the Redemption is fair and that the Going Private Transaction as a whole is in the best interests of the Corporation and its Minority Shareholders, and has, subject to the disclosure of interests and abstentions by all interested directors, unanimously approved the Going Private Transaction and the entering into of this Agreement, and has resolved to unanimously recommend that the Shareholders and Minority Shareholders vote in favour of the Amendment;

4.1.2. the Corporation has sufficient funds, or adequate arrangements for financing are in place to ensure that it will have sufficient funds, to deliver the Redemption Funds to the Registrar and Transfer Agent not less than two Business Days prior to the Meeting Date;

4.1.3. the payment of the aggregate Consideration payable in connection with the Redemption is, and on the Effective Date and on the Completion Date shall be, permitted by all applicable laws, including Section 36(2) of the ABCA;

4.1.4. the Corporation has, in respect of the Going Private Transaction contemplated hereunder, filed, or will file prior to the Completion Date, all documents required to be filed under applicable laws and has filed with securities regulators in each such jurisdiction all documents required to be filed under applicable Canadian securities laws (it being understood that no representation or warranty is being given as to the timeliness of any such filing);

4.1.5. the Corporation has the corporate power and authority to enter into this Agreement and to perform its obligations hereunder;

4.1.6. the Corporation has been duly incorporated, formed and organized and is a validly existing company under the laws of the jurisdiction of its incorporation or formation, as

applicable and has the corporate power and authority to own or lease its property and assets and to carry on any business currently conducted by it; and

4.1.7. other than as contemplated herein, no consent, waiver, approval, authorization, order, exemption, registration, license or declaration of or by, or filing with, or notification to any governmental authority which has not been made or obtained, is required to be made or obtained by the Corporation in connection with the execution, delivery and performance of this Agreement or the completion of the Going Private Transaction.

4.2 Representations and Warranties of Budziak, Burroughs and Foscolos

Budziak, Burroughs and Foscolos individually, but not jointly, with respect only to matters pertaining to themselves or their activities, hereby represent and warrant to and with the Corporation as follows and acknowledges that the Corporation is relying upon such representations and warranties in connection with the matters contemplated by this Agreement:

4.2.1. as of the date hereof, the Subject Shares represent all of the Shares beneficially owned, or over which control and direction is exercised, by the Interested Shareholders;

4.2.2. each Interested Shareholder has the sole right to vote, or direct the sale and voting of the Subject Shares;

4.2.3. no individual, corporation or other legal entity has any agreement to which any Interested Shareholder is a party, or any right or privilege capable of becoming an agreement or option to which any Interested Shareholder is a party, for the purchase, acquisition or transfer of any of the Subject Shares or any interest therein or right thereto;

4.2.4. each of Budziak, Burroughs and Foscolos has the requisite power and authority to enter into this Agreement and to perform its obligations hereunder;

4.2.5. the execution and delivery of this Agreement and each and every agreement or document to be executed and delivered hereunder by each of Budziak, Burroughs and Foscolos, and the consummation of transactions contemplated herein will not, as a result of such member's involvement, violate nor be in conflict with any provision of any material agreement or instrument to which any of Budziak, Burroughs and Foscolos is a party or is bound or, to the best of their respective knowledge, information and belief, any judgment, decree, order, statute, rule or regulation applicable to such Party;

4.2.6. this Agreement has been duly executed and delivered by Budziak, Burroughs and Foscolos and all documents required hereunder to be executed and delivered by each of such Budziak, Burroughs and Foscolos shall have been duly executed and delivered and this Agreement does, and such documents will, constitute legal, valid and binding obligations of each of Budziak, Burroughs and Foscolos enforceable in accordance with their respective terms; and

4.2.7. no consent, waiver, approval, authorization, order, exemption, registration, license or declaration of or by, or filing with, or notification to any governmental authority which

has not been made or obtained is required to be made or obtained by any of Budziak, Burroughs and Foscolos in connection with the execution, delivery and performance of this Agreement or the completion of the Going Private Transaction.

5. CONDITIONS PRECEDENT

5.1 Conditions to Obligations of the Corporation

The obligations of the Corporation to complete the transactions as contemplated by this Agreement, are subject to the satisfaction, at or before the applicable time of the following conditions:

5.1.1. the Amendment Resolution shall have been approved by:

(a) not less than two-thirds of the votes cast in respect thereof by Shareholders attending the Meeting in person or represented by proxy; and

(b) a "majority of the minority" of the votes cast in respect thereof, for the purposes of TSX-V Policy 5.9 (which incorporates the provisions of MI 61-101), by Minority Shareholders attending the Meeting in person or represented by proxy;

5.1.2. Shareholders will not have exercised Dissent Rights or similar rights, or have instituted proceedings to exercise Dissent Rights or similar rights, in connection with the Amendment, other than Shareholders representing not more than **15%** of the issued and outstanding (on a fully diluted basis) Shares;

5.1.3. each of the acts and undertakings of Budziak, Burroughs and Foscolos to be performed pursuant to the terms of this Agreement shall have been duly and timely performed in all material respects;

5.1.4. except as affected by the transactions contemplated by this Agreement, the representations and warranties of each of Budziak, Burroughs and Foscolos contained in this Agreement shall be true in all material respects immediately prior to the Completion Date with the same effect as though such representations and warranties had been made at and as of such date; and

5.1.5. the Corporation has received all necessary regulatory approvals and/or third party consents to complete the Going Private Transaction, including the approval of the Going Private Transaction from the TSX Venture Exchange.

The conditions in this Section 5.1 are for the exclusive benefit of the Corporation and may be asserted by the Corporation regardless of the circumstances or may be waived by the Corporation in its sole discretion, in whole or in part, at any time and from time to time without prejudice to any other rights which the Corporation may have.

5.2 Conditions to Obligations of Budziak, Burroughs and Foscolos

The obligations of Budziak, Burroughs and Foscolos to complete the transactions as contemplated by this Agreement, are subject to the satisfaction, at or before applicable time of the following conditions:

5.2.1. each of the acts and undertakings of the Corporation to be performed pursuant to the terms of this Agreement shall have been duly performed in all material respects; and

5.2.2. except as affected by the transactions contemplated by this Agreement, the representations and warranties of the Corporation contained in this Agreement shall be true in all material respects immediately prior to the Completion Date, with the same effect as though such representations and warranties had been made at and as of such date.

The conditions in this Section 5.2 are for the exclusive benefit of Budziak, Burroughs and Foscolos and may be asserted by Budziak, Burroughs and Foscolos regardless of the circumstances or may be waived by Budziak, Burroughs and Foscolos in their sole discretion, in whole or in part, at any time and from time to time without prejudice to any other rights which Budziak, Burroughs and Foscolos may have.

6. MISCELLANEOUS

6.1 Amendment

This Agreement may, at any time and from time to time before or after the holding of the Meeting, be amended by written agreement of the Parties hereto without, subject to applicable law, further notice to or authorization on the part of the Shareholders, and any such amendment may, without limitation:

(a) change the time for performance of any of the obligations or acts of the Parties hereto;

(b) waive any inaccuracies or modify any representation or warranty contained herein or in any document delivered pursuant hereto;

(c) waive compliance with or modify any of the covenants herein contained and waive or modify performance of any of the obligations of the Parties hereto; or

(d) waive compliance with or modify any other conditions precedent contained herein,

provided that no amendment shall be made to the amount of Consideration without further authorization of the Shareholders in accordance with applicable law.

6.2 Termination

(a) This Agreement may, prior to the Effective Time, be terminated by mutual written agreement of the Parties without further action on the part of the Shareholders;

(b) This Agreement shall terminate automatically if the Amendment is not approved by the Shareholders at the Meeting in the manner set forth in Section 5.1;

(c) Notwithstanding any other rights contained herein, this Agreement may be terminated by either Party (the "**Terminating Party**") upon written notice to the other Party if a condition precedent of the Terminating Party's obligations set forth in Section 5 shall not have been satisfied on or before the date required for the satisfaction thereof, provided that the failure to so satisfy is not caused by the fault of the Terminating Party;

(d) This Agreement may be terminated by the Budziak, Burroughs and Foscolos if the Meeting is adjourned, delayed or postponed to a date that is on or after the Outside Date or the Completion Date does not occur on or before the Outside Date, provided that Budziak, Burroughs and Foscolos are not in default under this Agreement; or

(e) This Agreement may be terminated by either Party if the Completion Date does not occur on or before the Outside Date.

The Parties hereto acknowledge and agree that Section 6.2 shall survive the termination and expiration of this Agreement and continue in full force and effect following any termination or expiration of this Agreement.

6.3 Expenses

Each Party shall pay all fees, costs and expenses incurred by such Party in connection with this Agreement, the Redemption and all related matters.

6.4 Fiduciary Duties of Directors

No provision of this Agreement shall require the Corporation to cause any of its directors to take any action, or refrain from taking any action, that would prevent such individual from fulfilling his fiduciary obligations as a director of the Corporation. The foregoing shall not be interpreted to diminish, limit, restrict or otherwise affect in any way any covenant or agreement of the Corporation under this Agreement or be construed as a forgiveness or waiver of any breach.

6.5 Governing Laws

This Agreement shall be governed by and construed in accordance with the laws of the Province of Alberta and the federal laws of Canada applicable therein.

6.6 Further Assurances

Each Party hereto shall, from time to time, and at all times hereafter, at the request of the other Party hereto, but without further consideration, do all such further acts and execute and deliver all such further documents and instruments as shall be reasonably required in order to fully perform and carry out the terms and intent hereof.

6.7 Entire Agreement

This Agreement constitutes the entire agreement among the Parties and supersedes all prior agreements and understandings, oral and written, between such Parties with respect to the subject matter hereof. This Agreement may be amended only by written instrument executed by all of the Parties hereto.

6.8 Currency

All sums of money referred to in this Agreement, unless otherwise specified herein, are expressed in Canadian dollars.

6.9 No Assignment

This Agreement may not be assigned by either Party without the prior written consent of the other Party. Subject to the foregoing, this Agreement shall enure to the benefit of and be binding upon the Parties hereto and their respective heirs, executors, administrators, successors and permitted assigns.

6.10 Waiver

The failure of any Party to enforce at any time any of the provisions of this Agreement or any of its rights in respect thereto or to insist upon strict adherence to any term of this Agreement shall not be considered to be a waiver of such provision, right or term or in any way to affect the validity of this Agreement or deprive the applicable Party of the right thereafter to insist upon strict adherence to that term or any other term of this Agreement. The exercise by any Party of any of its rights provided by this Agreement shall not preclude or prejudice such Party from exercising any other right it may have under this Agreement, notwithstanding any previous action or proceeding taken by it hereunder. Any waiver by any Party of any of the provisions of this Agreement shall be effective only if in writing and signed by a duly authorized representative of such Party.

6.11 Notices

All notices and other communications which may or are required to be given pursuant to any provision of this Agreement shall be given or made in writing and shall be deemed to be validly given if served personally or by telecopy, in each case addressed to the particular party at:

(a) If to the Corporation:

Seaway Energy Services Inc.
Suite 1250, 700 - 4th Avenue S.W.
Calgary, Alberta T2P 3J4

Attention: Michael Windle
Facsimile: (403) 266 - 1181

with a copy to:

Davis LLP
Livingston Place
Suite 1000 - 250 - 2nd Street SW
Calgary, Alberta T2P 0C1

Attention: Leigh Stewart
Facsimile: (403) 697 - 6619

(b) If to Budziak, Burroughs and Foscolos:

Elias Foscolos
c/o Accretive Financial Corp.
Unit 1, 606 Meredith Road N.E.
Calgary, Alberta T2E 5A8

Facsimile: (403) 206-7185

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6.12 Execution and Counterparts

This Agreement may be executed by the Parties in counterpart and may be executed and delivered by facsimile and all such counterparts and facsimiles shall together constitute one and the same agreement.

IN WITNESS WHEREOF, this Agreement been executed as of the date first above written.

SEAWAY ENERGY SERVICES INC.

Per: (signed) *Michael Windle*
Michael Windle, director

signed
Witness

(signed) *Jerry J. Budziak*
Jerry J. Budziak

signed
Witness

(signed) *David Burroughs*
David Burroughs

signed
Witness

(signed) *Elias Foscolos*
Elias Foscolos

SCHEDULE A

Special Resolution

BE IT RESOLVED AS A SPECIAL RESOLUTION THAT the Corporation's Articles of Amalgamation be amended with immediate effect as follows:

"Schedule A to Section 2 of Articles be amended by the addition of the following paragraphs:

(a) At any time prior to March 1, 2012, the Corporation may, on such terms and in such manner as the Directors may in their absolute discretion determine, without prior notice, redeem any or all of the then outstanding common shares of the Corporation, at a redemption price of $0.040 per share.

(b) A redemption in (a) above will be deemed effective at the time and on the date the Directors may determine (the "**Redemption Date**") provided that such Redemption Date shall not be earlier than the date the relevant resolution of the Directors is passed and shall not be later than February 29, 2012. As and from the Redemption Date on which the redemption of any common shares of the Corporation is effected, each common shareholder subject to the redemption shall cease to be entitled to any rights in respect of such common shares, including any right to participate in the profits of the Corporation, other than his, her or its right to receive any redemption proceeds (or his, her or its right as a dissenting shareholder under and subject to section 191 of the *Business Corporations Act* (Alberta), to receive fair value for his, her or its redeemed common shares) and accordingly his, her or its name shall be removed as a shareholder from the records of the Corporation with respect to the common shares so redeemed.

(c) Subject to the Directors' discretion to determine the terms and manner of redemption, redemption proceeds shall be paid as soon as reasonably practicable following the Redemption Date.

(d) If a common shareholder who is entitled to receive redemption proceeds pursuant to subparagraph (a) hereof fails to satisfy any relevant requirements (including without limitation, providing evidence of ownership and completed letters of transmittal) of the Directors, his entitlement shall lapse on the second anniversary of the Redemption Date. Upon a shareholder's entitlement having lapsed in accordance with this paragraph (d), such shareholder will be deemed to have donated and forfeited to the Corporation or its successor any such redemption proceeds, net of any applicable withholding or other taxes, held in trust for such shareholder and any certificate representing the common shares formerly held by such shareholder will cease to represent a claim of any nature whatsoever and will be deemed to have been surrendered to the Corporation and cancelled."

SCHEDULE B

Subject Shares

Interested Shareholder	Subject Shares
Budziak	**6,066,000**
Burroughs	**2,720,000**
Foscolos	**1,026,000**
Accretive Financial Corp.	**605,000**
Simlie Foscolos	**1,281,000**
TOTAL	**11,698,000**

SCHEDULE "H"
2011 STOCK OPTION PLAN

1. Purpose

The purpose of the Stock Option Plan (the "**Plan**") of **Seaway Energy Services Inc.**, a corporation incorporated under the *Business Corporations Act* (Alberta) (the "**Company**") is to advance the interests of the Company by encouraging the directors, officers, employees and consultants of the Company, and of its subsidiaries and affiliates, if any, to acquire common shares in the share capital of the Company (the "**Shares**"), thereby increasing their proprietary interest in the Company, encouraging them to remain associated with the Company and furnishing them with additional incentive in their efforts on behalf of the Company in the conduct of its affairs.

2. Administration

The Plan shall be administered by the Board of Directors of the Company or by a special committee of the directors appointed from time to time by the Board of Directors of the Company pursuant to rules of procedure fixed by the Board of Directors (such committee or, if no such committee is appointed, the Board of Directors of the Company, is hereinafter referred to as the "**Board**"). A majority of the Board shall constitute a quorum, and the acts of a majority of the directors present at any meeting at which a quorum is present, or acts unanimously approved in writing, shall be the acts of the directors.

Subject to the provisions of the Plan, the Board shall have authority to construe and interpret the Plan and all option agreements entered into thereunder, to define the terms used in the Plan and in all option agreements entered into thereunder, to prescribe, amend and rescind rules and regulations relating to the Plan and to make all other determinations necessary or advisable for the administration of the Plan. All determinations and interpretations made by the Board shall be binding and conclusive on all participants in the Plan and on their legal personal representatives and beneficiaries.

Each option granted hereunder may be evidenced by an agreement in writing, signed on behalf of the Company and by the optionee, in such form as the Board shall approve. Each such agreement shall recite that it is subject to the provisions of this Plan.

Each option granted by the Company prior to the date of the approval of the Plan by the shareholders of the Company, including options granted under previously approved stock option plans of the Company, be and are continued under and shall be subject to the terms of the Plan after the Plan has been approved by the shareholders of the Company.

3. Stock Exchange Rules

All options granted pursuant to this Plan shall be subject to rules and policies of any stock exchange or exchanges on which the common shares of the Company are then listed and any other regulatory body having jurisdiction hereinafter (hereinafter collectively referred to as, the "**Exchange**").

4. Shares Subject to Plan

Subject to adjustment as provided in Section 15 hereof, the Shares to be offered under the Plan shall consist of common shares of the Company's authorized but unissued common shares. The aggregate number of Shares issuable upon the exercise of all options granted under the Plan shall not exceed 10% of the issued and outstanding common shares of the Company from time to time. If any option granted hereunder shall expire or terminate for any reason in accordance with the terms of the Plan without being exercised, the unpurchased Shares subject thereto shall again be available for the purpose of this Plan.

5. Maintenance of Sufficient Capital

The Company shall at all times during the term of the Plan reserve and keep available such numbers of Shares as will be sufficient to satisfy the requirements of the Plan.

6. Eligibility and Participation

Directors, officers, consultants, and employees of the Company or its subsidiaries, and employees of a person or company which provides management services to the Company or its subsidiaries ("**Management Company Employees**") shall be eligible for selection to participate in the Plan (such persons hereinafter collectively referred to as "**Participants**"). Subject to compliance with applicable requirements of the Exchange, Participants may elect to hold options granted to them in an incorporated entity wholly owned by them and such entity shall be bound by the Plan in the same manner as if the options were held by the Participant.

Subject to the terms hereof, the Board shall determine to whom options shall be granted, the terms and provisions of the respective option agreements, the time or times at which such options shall be granted and vested, and the number of Shares to be subject to each option. In the case of employees or consultants of the Company or Management Company Employees, the option agreements to which they are party must contain a representation of the Company that such employee, consultant or Management Company Employee, as the case may be, is a bona fide employee, consultant or Management Company Employee of the Company or its subsidiaries.

A Participant who has been granted an option may, if such Participant is otherwise eligible, and if permitted under the policies of the Exchange, be granted an additional option or options if the Board shall so determine.

7. Exercise Price

(a) The exercise price of the Shares subject to each option shall be determined by the Board, subject to applicable Exchange approval, at the time any option is granted. In no event shall such exercise price be lower than the exercise price permitted by the Exchange.

(b) Once the exercise price has been determined by the Board, accepted by the Exchange and the option has been granted, the exercise price of an option may be reduced upon receipt of Board approval, provided that in the case of options held by insiders of the Company (as defined in the policies of the Exchange), the exercise price of an option may be reduced only if disinterested shareholder approval is obtained.

8. Number of Optioned Shares

(a) The number of Shares subject to an option granted to any one Participant shall be determined by the Board, but no one Participant shall be granted an option which exceeds the maximum number permitted by the Exchange.

(b) No single Participant may be granted options to purchase a number of Shares equalling more than 5% of the issued common shares of the Company in any one twelve-month period unless the Company has obtained disinterested shareholder approval in respect of such grant and meets applicable Exchange requirements.

(c) Options shall not be granted if the exercise thereof would result in the issuance of more than 2% of the issued common shares of the Company in any twelve-month period to any one consultant of the Company (or any of its subsidiaries).

(d) Options shall not be granted if the exercise thereof would result in the issuance of more than 2% of the issued common shares of the Company in any twelve month period to persons employed to provide investor relations activities. Options granted to Consultants performing investor relations activities will contain vesting provisions such that vesting occurs over at least 12 months with no more than ¼ of the options vesting in any 3 month period.

9. Duration of Option

Each option and all rights thereunder shall be expressed to expire on the date set out in the option agreement and shall be subject to earlier termination as provided in Sections 11 and 12, provided that in no circumstances shall the duration of an option exceed the maximum term permitted by the Exchange. For greater certainty, if the Company is listed on the TSX Venture Exchange Inc. ("**TSX Venture**"), the maximum term may not exceed 10 years.

Should the expiry date of an Option fall within a Black Out Period or within nine business days following the expiration of a Black Out Period, such expiry date of the Option shall be automatically extended without any further act or formality to that date which is the tenth business day after the end of the Black Out Period, such tenth business day to be considered the expiry date for such Option for all purposes under the Plan. The ten business day period referred to in this paragraph may not be extended by the Board.

"Black Out Period" means the period during which the relevant Participant is prohibited from exercising an Option due to trading restrictions imposed by the Company pursuant to any policy of the Company respecting restrictions on trading that is in effect at that time.

10. Option Period, Consideration and Payment

(a) The option period shall be a period of time fixed by the Board not to exceed the maximum term permitted by the Exchange, provided that the option period shall be reduced with respect to any option as provided in Sections 11 and 12 covering cessation as a director, officer, consultant, employee or Management Company Employee of the Company or its subsidiaries, or death of the Participant.

(b) Subject to any vesting restrictions imposed by the Exchange, the Board may, in its sole discretion, determine the time during which options shall vest and the method of vesting, or that no vesting restriction shall exist.

(c) Subject to any vesting restrictions imposed by the Board, options may be exercised in whole or in part at any time and from time to time during the option period. To the extent required by the Exchange, no options may be exercised under this Plan until this Plan has been approved by a resolution duly passed by the shareholders of the Company.

(d) Except as set forth in Sections 11 and 12, no option may be exercised unless the Participant is at the time of such exercise a director, officer, consultant, or employee of the Company or any of its subsidiaries, or a Management Company Employee of the Company or any of its subsidiaries.

(e) The exercise of any option will be contingent upon receipt by the Company at its head office of a written notice of exercise, specifying the number of Shares with respect to which the option is being exercised, accompanied by cash payment, certified cheque or bank draft for the full purchase price of such Shares with respect to which the option is exercised. No Participant or his legal representatives, legatees or distributees will be, or will be deemed to be, a holder of any common shares of the Company unless and until the certificates for Shares issuable pursuant to options under the Plan are issued to him or them under the terms of the Plan.

11. Ceasing To Be a Director, Officer, Consultant or Employee

Subject to Section 12, if a Participant shall cease to be a director, officer, consultant, employee of the Company, or its subsidiaries, or ceases to be a Management Company Employee, for any reason (other than death), such Participant may exercise his option to the extent that the Participant was entitled to exercise it at the date of such cessation, provided that such exercise must occur within 90 days after the Participant ceases to be a director, officer, consultant, employee or a Management Company Employee, subject to extension at the discretion of the Board, unless such Participant was engaged in investor relations activities, in which case such exercise must occur within 30 days after the cessation of the Participant's services to the Company, subject to extension at the discretion of the Board.

Nothing contained in the Plan, nor in any option granted pursuant to the Plan, shall as such confer upon any Participant any right with respect to continuance as a director, officer, consultant, employee or Management Company Employee of the Company or of any of its subsidiaries or affiliates.

12. Death of Participant

Notwithstanding Section 11, in the event of the death of a Participant, the option previously granted to him shall be exercisable only within the one (1) year after such death and then only:

(a) by the person or persons to whom the Participant's rights under the option shall pass by the Participant's will or the laws of descent and distribution; and

(b) if and to the extent that such Participant was entitled to exercise the Option at the date of his death.

13. Rights of Optionee

No person entitled to exercise any option granted under the Plan shall have any of the rights or privileges of a shareholder of the Company in respect of any Shares issuable upon exercise of such option until certificates representing such Shares shall have been issued and delivered.

14. Proceeds from Sale of Shares

The proceeds from the sale of Shares issued upon the exercise of options shall be added to the general funds of the Company and shall thereafter be used from time to time for such corporate purposes as the Board may determine.

15. Adjustments

If the outstanding common shares of the Company are increased, decreased, changed into or exchanged for a different number or kind of shares or securities of the Company or another corporation or entity through re-organization, merger, re-capitalization, re-classification, stock dividend, subdivision or consolidation, or any adjustment relating to the Shares optioned or issued on exercise of options, or the exercise price per share as set forth in the respective stock option agreements, shall be adjusted in accordance to the terms of such agreements.

Adjustments under this Section shall be made by the Board whose determination as to what adjustments shall be made, and the extent thereof, shall be final, binding and conclusive. No fractional Share shall be required to be issued under the Plan on any such adjustment.

16. Transferability

All benefits, rights and options accruing to any Participant in accordance with the terms and conditions of the Plan shall not be transferable or assignable unless specifically provided herein or the extent, if any, permitted by the Exchange. During the lifetime of a Participant any benefits, rights and options may only be exercised by the Participant.

17. Withholding Taxes

The Company shall have the authority to take steps for the deduction and withholding, or for the advance payment or reimbursement by the Optionee to the Company, of any taxes or other required source deductions which the Company is required by law or regulation of any governmental authority whatsoever to remit in connection with this Plan, or any issuance of Optioned Shares. Without limiting the generality of the foregoing, the Company may, in its sole discretion:

(a) deduct and withhold additional amounts from other amounts payable to an Optionee;

(b) require, as a condition of the issuance of Optioned Shares to an Optionee, that the Optionee make a cash payment to the Company equal to the amount, in the Company’s opinion, required to be withheld and remitted by the Company for the account of the Optionee to the appropriate governmental authority and the Company, in its discretion, may withhold the issuance or delivery of Optioned Shares until the Optionee makes such payment; or

(c) sell, on behalf of the Optionee, all or any portion of Optioned Shares otherwise deliverable to the Optionee until the net proceeds of sale equal or exceed the amount which, in the Company's opinion, would satisfy any and all withholding taxes and other source deductions for the account of the Optionee.

18. Amendment and Termination of Plan

Subject to applicable approval of the Exchange, the Board may, at any time, suspend or terminate the Plan. Subject to applicable approval of the Exchange, the Board may also at any time amend or revise the terms of the Plan; provided that no such amendment or revision shall result in a material adverse change to the terms of any options theretofore granted under the Plan, unless shareholder approval, or disinterested shareholder approval, as the case may be, is obtained for such amendment or revision.

19. Necessary Approvals

The ability of a Participant to exercise options and the obligation of the Company to issue and deliver Shares in accordance with the Plan is subject to any approvals which may be required from shareholders of the Company and any regulatory authority or stock exchange having jurisdiction over the securities of the Company. If any Shares cannot be issued to any Participant for whatever reason, the obligation of the Company to issue such Shares shall terminate and any option exercise price paid to the Company will be returned to the Participant.

20. Effective Date of Plan

The Plan has been adopted by the Board of the Company subject to the approval of the Exchange and, if so approved, subject to the discretion of the Board, the Plan shall become effective upon such approvals being obtained.

21. Interpretation

The Plan will be governed by and construed in accordance with the laws of the Province of Alberta.

SCHEDULE "I"
AUDIT COMMITTEE CHARTER

1. **Establishment of Audit Committee:** The directors of the Corporation (the "Directors") hereby establish an audit committee (the "Audit Committee").

2. **Membership:** The membership of the Audit Committee shall be as follows:

   (a) The Audit Committee shall be composed of three members or such greater number as the Directors may from time to time determine.

   (b) The majority of the members of the Audit Committee shall be independent Directors

   (c) Each member of the Audit Committee shall be financially literate. For purposes hereof "financially literate" has the meaning set forth under NI 52-110 (as amended from time to time) and currently means the ability to read and understand a set of financial statements that present the breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can be reasonably be expected to be raised by the Corporation's financial statements.

   (d) Members shall he appointed annually from among members of the Directors. A member of the Audit Committee shall ipso facto cease to be a member of the Audit Committee upon ceasing to be a Director of the Corporation.

3. **Oversight Responsibility:** The external auditor is ultimately accountable to the Directors and the Audit Committee, as representatives of the shareholders and such shareholders representatives have the ultimate authority and responsibility to select, evaluate, and where appropriate, replace the external auditors (or to nominate the external auditors to be proposed for shareholder approval in any management information circular and proxy statement). The external auditor shall report directly to the Audit Committee and shall have the responsibilities as set forth herein.

4. **Mandate:** The Audit Committee shall have responsibility for overseeing:

   (a) the accounting and financial reporting processes of the Corporation; and

   (b) audits of the financial statements of the Corporation.

In addition to any other duties assigned to the Audit Committee by the Directors, from time to time, the role of the Audit Committee shall include meeting with the external auditor and the senior financial management of the Corporation to review all financial statements of the Corporation which require approval by the Directors, including year end audited financial statements. Specifically, the Audit Committee shall have authority and responsibility for:

   (a) reviewing the Corporation's financial statements, MD&A and earnings press releases before the information is publicly disclosed;

   (b) overseeing the work of the external auditors engaged for purposes of preparing or issuing, an audit report or performing other audit, review or attest services for the Corporation, including the resolution of disagreements between management and the external auditors regarding financial reporting;

   (c) reviewing annually and recommending to the Directors:

      (i) the external auditors to be nominated for purposes of preparing or issuing an audit report or performing other audit, review or attest services for the Corporation; and

(ii) the compensation of the external auditors.

(d) discussing with the external auditor:

(i) the scope of the audit, in particular their view of the quality of the Corporation's accounting principles as applied in the financials in terms of disclosure quality and evaluation methods, inclusive of the clarity of the Corporation's financial disclosure and reporting, degree of conservatism or aggressiveness of the Corporation's accounting principles and underlying estimates and other significant decisions made by management in preparing the financial disclosure and reviewed by the auditors;

(ii) significant changes in the Corporation's accounting principles, practices or policies; and

(iii) new developments in accounting principles, reporting matters or industry practices which may materially affect the Corporation.

(e) reviewing with the external auditor and the Corporation's senior financial management the results of the annual audit regarding:

(i) the financial statements;

(ii) MD&A and related financial disclosure contained in continuous disclosure documents;

(iii) significant changes, if any, to the initial audit plan;

(iv) accounting and reporting decisions relating to significant current year events and transactions;

(v) the management letter, if any, outlining the auditor's findings and recommendations, together with management's response, with respect to internal controls and accounting procedures; and

(vi) any other matters relating to the conduct of the audit, including such other matters which should be communicated to the Audit Committee under Canadian generally accepted auditing standards.

(f) reviewing and discussing with the Corporation's senior financial management and, if requested by the Audit Committee, the external auditor:

(i) the interim financial statements;

(ii) the interim MD&A; and

(iii) any other material matters relating to the interim financial statements, including, inter alia, any significant adjustments, management judgments or estimates, new or amended accounting policies.

(g) receipt from external auditor of a formal written statement delineating all relationships between the auditor and the Corporation and considering whether the advisory services performed by the external auditor during the course of the year have impacted their independence, and also ensuring that no relationship or services between the external auditor and the Corporation is in existence which may affect the objectivity and independence of the auditor or recommending appropriate action to ensure the independence of the external auditor.

(h) pre-approval of all non-audit services to be provided to the Corporation or its subsidiary entities by the external auditors or the external auditors of the Corporation's subsidiary entities, unless such pre-approval is otherwise appropriately delegated or if appropriate specific policies and procedures for the engagement of non-audit services have been adopted by the Audit committee.

(i) reviewing and discussing with the external auditors and senior financial management the adequacy of procedures for review of disclosure of financial information extracted or derived from financial statements, other than the disclosure referred to in subparagraph (a) above.

(j) establishing and reviewing of procedures for:

(i) receipt, retention and treatment of complaints received by the Corporation and its subsidiary entities regarding internal accounting controls, or auditing matters;

(ii) anonymous submission by employees of the corporation and its subsidiary entities of concerns regarding questionable accounting or auditing matters; and

(iii) hiring policies regarding employees and former employees of present and former external auditors of the Corporation and its subsidiary entities.

(k) reviewing with the external auditor, the adequacy of management's internal control over financial reporting relating to financial information and management information systems and inquiring of management and the external auditor about significant risks and exposures to the Corporation that may have a material adverse impact on the Corporation's financial statements, and inquiring of the external auditor as to the efforts of management to mitigate such risks and exposures.

(l) reviewing and/or considering that, with regard to the previous fiscal year,

- management has reviewed the Corporation's audited financial statements with the Audit Committee, including a discussion of the quality of the accounting principles as applied and significant judgments affecting the financial statements;

- the external auditors and the Audit Committee have discussed the external auditors' judgments of the quality of the accounting principles applied and the type of judgments made with respect to the Corporation's financial statements;

- the Audit Committee, on its own (without management or the external auditors present), has considered and discussed all the information disclosed to the Audit Committee from the Corporation's management and the external auditor; and

- in reliance on review and discussions conducted with senior financial management and the external auditors, the Audit Committee believes that the Corporation's financial statements are fairly presented in conformity with Canadian Generally Accepted Accounting Principles (GAAP) in all material respects and that the financial statements fairly reflect the financial condition of the Corporation.

5. **Administrative Matters:** The following general provisions shall have application to the Audit Committee:

(a) A quorum of the Audit Committee shall be the attendance of a majority of the members thereof. No business may be transacted by the Audit Committee except at a meeting of its members at which a quorum of the Audit Committee is present or by a resolution in writing signed by all the members of the Audit Committee.

(b) Any member of the Audit Committee may be removed or replaced at any time by resolution of the Directors of the Corporation. If and whenever a vacancy shall exist on the Audit Committee, the remaining members may exercise all its powers so long as a quorum remains. Subject to the foregoing, each member of the Audit Committee shall hold such office until the close of the annual meeting of shareholders next following the date of appointment as a member of the Audit Committee or until a successor is duly appointed.

(c) The Audit Committee may invite such directors, officers and employees of the Corporation or affiliates thereof as it may see fit from time to time to attend at meetings of the Audit Committee and to assist thereat in the discussion of matters being considered by the Audit Committee, The independent auditor is to appear before the Audit Committee when requested to do so by the Audit Committee.

(d) The time and place for the Audit Committee meetings, the calling and the procedure at such meetings shall be determined by the Audit Committee having regard to the Articles and By-Laws of the Corporation.

(e) The Chair shall preside at all meetings of the Audit Committee and shall have a second and deciding vote in the event of a tie. In the absence of the Chair, the other members of the Audit Committee shall appoint a representative amongst them to act as Chair for that particular meeting.

(f) Notice of meetings of the Audit Committee may be given to the independent auditor and shall be given in respect of meetings relating to the annual audited financial statements. The independent auditor has the right to appear before and to be heard at any meeting of the Audit Committee. Upon the request of the independent auditor, the Chair of the Audit Committee shall convene a meeting of the Audit Committee to consider any matters which the external auditor believes should be brought to the attention of the Directors or shareholders of the Corporation.

(g) The Audit Committee shall report to the Directors of the Corporation on such matters and questions relating to the financial position of the Corporation or any affiliates of the Corporation as the Directors of the Corporation may from time to time refer to the Audit Committee.

(h) The members of the Audit Committee shall, for the purpose of performing their duties, have the right to inspect all the hooks and records of the Corporation and its affiliates, and to discuss such books and records that are in any way related to the financial position of the Corporation with the directors, officers, employees and independent auditor of the Corporation and its affiliates.

(i) Minutes of the Audit Committee meetings shall be recorded and maintained. The Chair of the Audit Committee will report to the Directors on the activities of the Audit Committee and/or the minutes of the Audit Committee meetings will be promptly circulated to the Directors or otherwise made available at the next meeting of Directors.

(j) The Audit Committee shall, upon the approval of the Directors, adopt a formal written charter, which sets out the Audit Committee's responsibilities, the way they should he implemented and any other requirement such as membership and structure of the Audit Committee. The Audit Committee shall review and reassess the adequacy of the charter on an annual basis.

(k) The Audit Committee shall ensure and/or consider that, with regard to the previous fiscal year,

(i) management has reviewed the Corporation's audited financial statements with the Audit Committee, including a discussion of the quality of the accounting principles as applied and significant judgments affecting the financial statements;

(ii) the external auditor and the Audit Committee have discussed the independent auditor's judgments of the quality of the accounting principles applied and the type of judgments made with respect to the Corporation's and/or the Corporation's financial statements;

(iii) the Audit Committee, on its own (without management or the independent auditors present), has considered and discussed all the information disclosed to the Audit Committee from the Corporation's management and the external auditor; and

(iv) in reliance on review and discussions conducted with management and outside auditors, the Audit Committee believes that the Corporation's financial statements are fairly presented in conformity with Canadian Generally Accepted Accounting Principles (GAAP) in all material respects.

(l) The Audit Committee shall have the authority to:

(i) engage independent counsel and other advisors or consultants as it determines necessary to carry out its duties;

(ii) set and pay the compensation for any advisors employed by the Audit Committee; and

(iii) communicate directly with the internal (if any) and external auditors and qualified reserves evaluators or auditors.