Seaway Energy Services Inc.
Management Discussion and Analysis
For the year ended September 30, 2013

The following Management's Discussion and Analysis ("MD&A") of the financial results of Seaway Energy Services Inc. ("Seaway" or "the Company"), is dated January 28, 2014 and should be read in conjunction with the audited financial statements of the Company for the year ended September 30, 2013. These financial statements, including the comparative figures, were prepared in accordance with International Financial Reporting Standards ("IFRS"). All currency amounts are expressed in Canadian dollars. Further information regarding Seaway is available on SEDAR at www.sedar.com.

Forward-Looking Statements

The Company cautions that the forward-looking statements in the following Management's Discussion and Analysis are based on certain assumptions made by the Company that may prove to be inaccurate. Forward-looking statements include those identified by the expressions "anticipate," "believe," "plan," "estimate," "expect," "intend" and similar expressions to the extent that they relate to the Company or its management.

All of the aforementioned statements and information can be found in the "Outlook" and "Results of Operations" sections of this MD&A.

These forward-looking statements are not historical facts, but reflect the Company's current expectations and assumptions regarding future results or events. Particularly, these forward-looking statements are based on management's estimate of revenues based on business volumes and commitments at the date hereof. Readers are cautioned, as provided herein, that actual revenue results may vary materially from estimates and, in particular, are subject to risks including delivery, competition and management of growth. Additional assumptions made include customer demand for the Company's services and the Company's ability to maintain and enhance customer relationships. Please also see the "Risk Factors" section for risk factors that may affect the Company.

Outlook

Industry associations are now forecasting a reduction in 2013 drilling levels from that achieved in 2012. Gas prices remain depressed at low levels due to a North American gas glut and no improvement in dry natural gas directed drilling is expected in the near term. Drilling activity levels had generally been supported by oil and liquids rich natural gas drilling. Additionally, realized prices for oil have weakened due to pipeline capacity constraints resulting in wider differentials between WTI and prices realized by producers. Lower cash flows, particularly for the small to intermediate sized exploration and production companies, are expected to result in delayed or curtailed development programs for the balance of the calendar year. The lower cash flows have already resulted in reduced expenditures on lease and access road reclamations. Steady activity levels were forecast for the first quarter of the 2013 fiscal year which did not materialize as many of our existing clients have advised that they will be very guarded and selective in their capital expenditures on a go forward basis.

Due to the aforementioned industry and customer forecasts, Seaway's Board of Directors has determined, after extensive and careful consideration of potential alternatives, that it is in the best interests of the Company and its shareholders to liquidate its assets and dissolve the Company. In connection with the liquidation and dissolution, which shareholder approval was received on February 28, 2013, the Company intended to distribute to its shareholders all available cash, except such cash as is required for paying or making reasonable provision for known and potential liabilities and other obligations of the Company. As a result the Board no longer plans to distribute any remaining funds to shareholders, but search for a new business venture.

Notwithstanding the receipt of shareholder approval of the dissolution of the Company, the Board retained the discretion not to proceed with the dissolution if it determined that the liquidation and dissolution was no longer in the best interests of the Company and its shareholders. The Company continues to evaluate opportunities that have the potential of providing a superior return to its shareholders. In early May 2013, the Company made changes to the composition of the Board with the Company's efforts to evaluate other opportunities that have the potential of providing a superior return to its shareholders and on August 12, 2013, the shareholders voted on favor of consolidating the share capital of the Company on a one for ten basis.

Going Concern Assumption

These financial statements have been prepared on a going concern basis, under which the Company is assumed to be able to realize its assets and discharge its liabilities in the normal course of operations. The Company has no active ongoing operations and is prudently managing administrative costs. The current market environment for idle public companies may cast significant doubt about the Company's ability to continue as going concern. The financial statements do not reflect adjustments that would be necessary if the going concern assumptions were not appropriate. If the going concern basis was not appropriate for these financial statements, then adjustments would be necessary in the carrying value of property and equipment, liabilities, the reported expenses, and the classifications used in the statement of financial position. Such adjustments could be material.

Select Annual Information

	For the years ending September 30,		
	2013	2012	2011
Revenue	556,448	2,179,033	3,117,282
Net income (loss)	(512,754)	(176,037)	93,987
Income (loss) per share – basic and diluted	(0.018)	(0.006)	0.003
Working capital surplus	70,707	592,329	760,886
Total assets	160,668	1,210,184	1,528,560
Weighted average shares outstanding	28,877,470	28,943,891	30,616,043
Current shares outstanding at January 29, 2014	28,877,470		

The continued decrease in revenue is consistent with the activity levels associated with the low price of natural gas offset, competitive pricing pressures, several acquisitions of the Company's customers by larger oil and gas companies and a significant customer deciding to perform some of the environmental work in-house which lead to the Company's decision to cease environmental service operations as previously discussed. The net loss for the year is predominately attributable to severance and wind-up costs.

Results of Operations

The overall decrease in revenue is consistent with the activity levels associated shareholders' decision to cease operations no new work commenced subsequent to February 28, 2013. The revenues earned in the nine month period periods will not be indicative of future revenues.

Direct operating expenses consist of those expenses directly attributable to the provision of environmental consulting and related services to customers. These include field supervision fees and travel costs, field fees paid on behalf of clients, environmental assessment analyses, the cost of preparing recommendations for site remediation and conformance, site history tracking costs and costs associated with the submission of necessary applications.

Direct operating expenses consist of those expenses directly attributable to the provision of environmental consulting and related services to customers. These include field supervision fees and travel costs, field fees paid on behalf of clients, environmental assessment analyses, the cost of preparing recommendations for site remediation and conformance, site history tracking costs and costs associated with the submission of necessary applications. The decreases in operating costs

are consistent with the decreases in revenues due to the decision to shut down the reclamation operations as previously discussed.

General and administrative expenses consist of all expenses other than those directly attributable to the provision of environmental consulting services to customers. These include professional liability insurance, advertising and promotion, office salaries and benefits, professional fees, office supplies, training, office costs, rent and public company costs. Included in general and administrative costs is $160,375 related to severance costs to a former officer and director of the Company as a result of the decision to cease operations. In addition, a provision of $58,971 was recorded as a constructive obligation in general and administrative expenses with respect to an uneconomic lease on April 1, 2013. Salaries and benefits made up approximately 54.2% of the total general and administrative expenses.

Included in general and administrative costs during the 2013 fiscal period, the Company paid $25,781 in management fees to an officer, which are included in general and administrative expenses. The payments were made to companies controlled by the Officer and Director. The related party transactions occurred in the normal course of operations and have been measured at the agreed to exchange amount.

Income taxes

Presently the Company does not expect to pay current taxes in 2014 based on existing tax pools and current forecasts of taxable income. However, the current tax horizon will ultimately depend on Seaway entering into a new business venture.

Stock-based Compensation

The Company has a stock option plan whereby certain officers, directors, employees, and consultants are granted options to purchase common shares. Options granted under the plan have a maximum term of five years.

Seaway utilizes the fair value method of accounting for stock options granted. In determining the fair value of the stock options granted, the Black-Scholes model is used and assumptions regarding interest rates, underlying volatility of the Company's stock and expected life of the options are made. No options were granted during the three and twelve month periods ending September 30, 2013 or 2012. The future expense will vary as it is dependent on the number and vesting provisions of future stock option grants.

Summary of Quarterly Results

($ thousands, except per share amounts)	Three months ended September 30, 2013	Three months ended June 30, 2013	Three months ended March 31, 2013	Three months ended December 31, 2012
Gross revenue	5	5	218	328
Net income (loss)	(68)	(67)	(309)	(69)
Per share – basic and diluted	(0.003)	(0.002)	(0.01)	(0.003)
Working capital	71	163	231	525
Total assets	161	290	473	877

($ thousands, except per share amounts)	Three months ended September 30, 2012	Three months ended June 30, 2012	Three months ended March 31, 2012	Three months ended December 31, 2011
Gross revenue	609	589	373	608
Net income (loss)	(2)	(7)	(112)	(55)
Per share – basic and diluted	(0.000)	(0.000)	($0.004)	($0.001)
Working capital	592	617	554	701
Total assets	1,210	1,212	971	1,328

The decrease in revenues and increase in the net loss in the last two quarters is due to the Company shutting down operations in early March 2013 and only completing its commitment work. In addition, the Company incurred severance, professional fees and accrued for the rent commitment for the duration of its office space that management is endeavoring to sublease as a result of the shareholders decision to cease current operations.

Previously the Company's revenues have continued to decrease as a result of the competitive pricing environment and depressed natural gas prices and lower realized oil prices causing companies to scale back expenditures. The net loss in the current quarter is due to reduced revenue with the net loss in the first and second quarters of 2012 is primarily related to the proposed go private transactions professional costs. The Company's revenues are historically lower in the second and third quarters due to break-up effecting field operations.

The quarterly results of Seaway are markedly affected by weather patterns throughout its operating area in Western Canada. Historically, the first and fourth quarters of the fiscal years are very active, followed by a much slower second and third quarter. As a result of this, the variation on a quarterly basis, particularly in the second and third quarters, can be dramatic year-over-year independent of other demand factors.

Liquidity and Capital Resources

At September 30, 2013, the Company has positive working capital of $70,707 compared to a positive working capital balance of $592,329 as of September 30, 2012. At September 30, 2013, the Company ventured to accrue all future costs associated with shutting down the environmental operations of Seaway. Included in the Company's working capital is $100,000 at September 30, 2012 of convertible debentures due to a Director and Officer of the Company that were repaid in February 2013. The Company incurred $2,885 of interest on the debentures. The working capital decrease is primarily due to funds utilized in day to day operations due to inadequate revenue generation as previously discussed and the payment of severance and professional costs associated with the business shutting down.

The Company had an undrawn $600,000 revolving demand loan facility with a chartered bank. The Company terminated the facility as a result of the shareholders voting in favor of ceasing the current operations.

The Company's office lease rental arrangements expire on November 30, 2013 and October 30, 2014. The future minimum lease payments are 2014 - $38,048 and 2015 - $2,524 exclusive of common costs. Seaway has entered into a sublease effective January 1, 2013 and expiring on November 30, 2013 whereby it will be reimbursed for its rental costs plus common costs. All payments have been received under this lease. Due to the decision to cease active business operations the company recorded a $40,349 liability with respect to future lease costs at September 30, 2013 as a constructive obligation. The lease expires on October 14, 2014 and Company is actively trying to sublet the premises. Once the decision to cease active operations was made in March 2013, the Company accrued $58,971 as a constructive obligation with respect to the lease on April 1, 2013.

Pursuant to a normal course issuer bid, in the 2011 fiscal year, the Company repurchased 1,511,000 common shares at an average price of $0.044 per Common share. In October 2011, the

Company acquired a further 600,000 Common shares at an average price of $0.035. The Company did not renew the NCIB.

Financial Instruments

Our principal financial instruments are cash and cash equivalents, accounts receivable, accounts payable, investments, accounts payable and accrued liabilities. We currently do not have any long term debt.

The Company has determined that the fair values of the financial instruments consisting of cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities and convertible debentures are not materially different from the carrying values of such instruments reported on the statement of financial position due to their short-term nature.

The Company classifies the fair value of these financial instruments according to the following hierarchy based on the amount of observable inputs used to value the instrument.

- Level 1 – Quoted prices are available in active markets for identical assets or liabilities as of the reporting date. Active markets are those in which transactions occur in sufficient frequency and volume to provide pricing information on an ongoing basis.
- Level 2 – Pricing inputs are other than quoted prices in active markets included in Level 1. Prices in Level 2 are either directly or indirectly observable as of the reporting date. Level 2 valuations are based on inputs, including quoted forward prices for commodities, time value and volatility factors, which can be substantially observed or corroborated in the marketplace.
- Level 3 – Valuations in this level are those with inputs for the asset or liability that are not based on observable market data.

All financial assets (except for cash and cash equivalents which are classified as held for trading and the investment is Sierra classified as available for sale), are classified as either loans or receivables and are accounted for on an amortized cost basis. All financial liabilities are classified as other liabilities. The fair value of the available for sale investment in Sierra, a privately held enterprise, is not reliably measureable and has been classified as level 3. Seaway considers this investment in Sierra to be “available for sale”, as it currently owns less than 10% of Sierra. As there is no market for the Sierra shares, the investment has been accounted for at fair value which has been determined by management based on the price of recent share issues in Sierra. There have been no changes to the aforementioned classifications during the years ended September 30, 2013 and 2012.

Counterparty Credit Risk Management
The Company is subject to a concentration of credit risk in its accounts receivable as all of the Company’s customers are in the oil and gas sector. Management is of the opinion that any risk of loss is reduced due to the financial strength of its customers. Concentration of credit risk is mitigated by having concentrations with credit worthy clients and broadening the Company’s customer base. As at September 30, 2013 the total trade accounts receivable with two customers accounted for 82% of the Company’s current accounts receivable.

	September 30, 2013	September 30, 2012
1-30 days	**$ -**	$ 503,740
31-60 days	**1,346**	65,586
61 + days	**47,161**	352,391
Total trade receivables	**48,507**	921,717
Allowance for doubtful accounts	**(20,507)**	(8,036)
Total accounts receivable	**$ 28,000**	$ 913,681

In addition, the Company advanced an Officer and Director $7,500 as at September 30, 2013. The balance has been received subsequent to the year end.

Interest rate risk
Interest rate risk refers to the risk that the value of a financial instrument or cash flows associated with the instrument will fluctuate due to changes in market interest rates. The Company is not exposed to interest rate fluctuations at September 30, 2013 and 2012 as the Company currently does not have any interest bearing deposits or a credit facility in place.

Fixed rate debt is subject to interest rate price risk, as the value will fluctuate as a result of changes in market rates. As at September 30, 2013, the Company is not subject to interest rate risk. As at September 30, 2012, the Company has fixed interest rates on 100% of its interest bearing obligations. As the interest rates approximate the prevailing market rates, the fair value of these debt instruments approximate its carrying values.

Liquidity risk
Liquidity risk includes the risk that, as a result of our operational liquidity requirements:

- The Company will not have sufficient funds to settle a transaction on the due date;
- The Company will be forced to sell financial assets at a value which is less than what they are worth; or
- The Company may be unable to settle or recover a financial asset at all.

Trade and other payables

		September 30, 2012		September 30, 2012
Trade	**$**	**4,612**	$	403,448
Accrued		**20,000**		84,205
Constructive obligation *(1)*		**40,349**		-
Other		**-**		14,070
Total accounts payable	**$**	**64,961**	$	501,723

(1) Due to the decision to cease active business operations the company recorded a $40,349 liability with respect to future lease costs at September 30, 2013 as a constructive obligation. The lease expires on October 14, 2014 and Company is actively trying to sublet the premises. Once the decision to cease active operations was made in March 2013, the Company accrued $58,971 as a constructive obligation with respect to the lease on April 1, 2013.

Seaway expects that its current working capital will be sufficient to meet its current obligations while its searches for a new business venture. As these variables change, liquidity risks may necessitate the need for the Company to conduct equity issues.

Outstanding Share Data

The Company has authorized an unlimited number of preferred shares and an unlimited number of voting common shares. At January 29, 2014 there are 28,877,470 common shares outstanding and nil stock options outstanding.

Critical Accounting Estimates

The preparation of financial statements requires management to make estimates and use judgment regarding the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities as at the date of the condensed consolidated financial statements and the reported amounts of revenues and expenses during the period. By their nature, estimates are subject to measurement uncertainty and changes in such estimates in future periods could require a material change in the financial statements. Accordingly, actual results may differ from the estimated

amounts as future confirming events occur. Significant estimates and judgments made by management in the preparation of these consolidated financial statements are as follows:

Property and equipment – estimates are used in determining useful economic lives of property and equipment for the purpose of calculating depreciation.

Revenue recognition – environmental consulting services revenue earned from certain consulting contracts is recognized by the stage of completion of the transaction determined using the percentage-of-completion method. Judgment is used in determining progress of each contract at period end. In assessing revenue recognition, judgment is also used in determining the ability to collect the corresponding account receivable.

Stock-based compensation – assumptions and estimates are used in determining the inputs used in the Black-Scholes option pricing model, including assumptions regarding volatility, dividend yield, risk-free interest rates, forfeiture estimates and expected option lives.

Deferred income taxes – assumptions and estimates are made regarding the amount and timing of realization and/or settlement of the temporary differences between the accounting carrying value of the Company's assets versus the tax basis of those assets, and the tax rates at which the differences will be recovered or settled in the future.

Operations - The operations of the Company are complex, and regulations and legislation affecting the Company are continually changing. Although the ultimate impact of the matters noted above on the profit or loss cannot be determined at this time, it could be material for any one quarter or year. Management makes estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and revenues and expenses during the reporting period. Actual results can differ from those estimates.

Accounting Pronouncements Not Yet Adopted

As of October 1, 2013, Seaway will be required to adopt the following standards and amendments as issued by the IASB. The adoption of the following standards is not expected to have a material impact on Seaway's financial statements:

IFRS 10: Consolidated Financial Statements – In 2011, the IASB issued IFRS 10 which provides additional guidance to determine whether an investee should be consolidated. The guidance applies to all investees, including special purpose entities. The standard is required to be adopted for periods beginning October 1, 2013. IFRS 10 will have minimal impact on the Company's financial statements on adoption as the current consolidation method adheres to this standard as the Company does not have any subsidiaries

IFRS 11: Joint Arrangements – In 2011, the IASB issued IFRS 11 which presents a new model for determining whether an entity should account for joint arrangements using proportionate consolidation or the equity method. An entity will have to follow the substance rather than legal form of a joint arrangement and will no longer have a choice of accounting method. The standard is required to be adopted for periods beginning October 1, 2013. IFRS 11 will have minimal impact on the Company's financial statements on adoption as all the joint arrangements the Company has were determined to be joint operations and; therefore, use the proportionate consolidation method, which is already currently in use.

IFRS 12: Disclosure of Interests in Other Entities – In 2011, the IASB issued IFRS 12 which aggregates and amends disclosure requirements included within other standards. The standard requires a company to provide disclosures about subsidiaries, joint arrangements, associates and unconsolidated structured entities. The standard is required to be adopted for periods beginning October 1, 2013. IFRS 12 will require minimal disclosure changes in the Company's financial statements.

IFRS 13: Fair Value Measurement – In 2011, the IASB issued IFRS 13 to provide comprehensive guidance for instances where IFRS requires fair value to be used. The standard provides guidance on determining fair value and requires disclosures about those measurements. The standard is required to be adopted for periods beginning October 1, 2013. IFRS 13 will require minimal disclosure changes in the Company's financial statements.

IAS 27: Separate Financial Statements – In 2011, the IASB issued amendments to IFRS 27 to conform to the changes made in IFRS 10 *Consolidated Financial Statements*, but the standard retains the current guidance for separate financial statements. These amendments are required to be adopted for periods beginning October 1, 2013. These amendments will require minimal disclosure changes in the Company's financial statements.

IFRS 9: Financial Instruments: Classification and Measurement – In 2011, the IASB issued an amended version of IFRS 9 which provides additional guidance to classification and measurement of the Company's financial assets, but will not have an impact on classification and measurements of financial liabilities. Due to the amendment in 2011, this standard is now required to be adopted for periods beginning January 1, 2015. The Company is currently analyzing the impact, if any, that the adoption of this standard will have on its financial statements.

IFRS 7: Financial Instruments: Disclosures – In 2011, the IASB issued amendments to IFRS 7 *Financial Instruments: Disclosures* relating to disclosure requirements for the offsetting of financial assets and liabilities when offsetting is permitted under IFRS. The disclosure amendments are required to be adopted retrospectively for periods beginning October 1, 2013. These amendments will require minimal disclosure changes in the Company's financial statements.

IAS 1: Presentation of Financial Statements - The Company intends to adopt the amendments in its financial statements for the annual period beginning on October 1, 2013. As the amendments only require changes in the presentation of items in other comprehensive income, the Company does not expect the amendments to IAS 1 to have a material impact on the financial statements.

IAS 19: Employee Benefits – the IASB has issued numerous amendments to IAS 19. These range from fundamental changes such as removing the corridor mechanism and the concept of expected returns on plan assets to simple clarifications and re-wording. These amendments are required to be adopted for periods beginning October 1, 2013. These amendments will require minimal disclosure changes in the Company's financial statements.

IAS 32: Offsetting Financial Assets and Financial Liabilities – In 2011, the IASB issued amendments to IAS 32 clarifying the meaning of "currently has a legal enforceable right to set-off" and the application of the IAS 32 offsetting criteria to settlement systems which apply gross settlement mechanisms that are not simultaneous. These amendments are required to be adopted for periods beginning October 1, 2014. The Company is currently analyzing the impact, if any, that the adoption of this standard will have on its financial statements.

Risks and Uncertainties

History of Losses
The Company has an accumulated deficit of $3,103,705 and currently has no active operations.

No History of Dividends
Since incorporation, the Company has not paid any cash or other dividends on its common stock and does not expect to pay such dividends in the foreseeable future, as all available funds will be invested primarily to finance its mineral exploration programs. The Company will need to achieve profitability prior to any dividends being declared.

Dilution
The Company does not generate any revenues from operating and does not have sufficient financial resources to undertake by itself all of its planned activities. The Company has limited financial resources and has financed its operations primarily through the sale of securities such as

common shares. The Company will need to continue its reliance on the sale of such securities for future financing, resulting in dilution to the Company's existing shareholders.

Capital and Liquidity Risk

The amount of financial resources available to invest for the enhancement of shareholder value is dependent upon the size of the treasury, profitable operations, a willingness to utilize debt and issue equity. Due to the size of the Company, financial resources are limited and if the Company exceeds growth expectations or finds investment opportunities it may require debt or equity financing. There is no assurance that the Company will be able to obtain additional financial resources that may be required to successfully finance transactions or compete in its markets on favorable commercial terms.

Acquisition and Expansion Risk

The Company intends to expand its operations, by identifying a proposed qualifying transaction. There can be no assurance that the Company will be able to identify, acquire or profitably manage additional properties or businesses.

Dependence on Key Personnel

Loss of certain members of the executive team or key operational leaders of the company could have a disruptive effect on the implementation of the Company's business strategy and the efficient running of day-to-day operations until their replacement is found. Recruiting personnel is time consuming and expensive and the competition for professionals is intense. The Company may be unable to retain its key employees or attract, assimilate, retain or train other necessary qualified employees, which may restrict its growth potential.