

Seaway Energy Services Inc.
Management's Discussion and Analysis
For the Three and Six Month Period Ended March 31, 2014

The following Management's Discussion and Analysis ("MD&A") of the financial results of Seaway Energy Services Inc. ("Seaway" or "the Company"), should be read in conjunction with the Interim Condensed Financial Statements for the three and six months ended March 31, 2014, the audited financial statements for the year ended September 30, 2013. The financial statements, including the comparative figures, were prepared in accordance with International Financial Reporting Standards ("IFRS"). Unless otherwise noted, all financial measures are expressed in Canadian dollars. Further information regarding Seaway is available on SEDAR at www.sedar.com. This MD&A is dated May 30, 2014.

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

Seaway has entered into a non-binding, arm's-length letter of intent ("LOI") dated April 16, 2014, with Peepl Media Inc., pursuant to which Seaway will acquire all of the issued and outstanding securities of Peepl in exchange for common shares in the capital of Seaway, and Peepl will become a wholly owned subsidiary of Seaway. The transaction may constitute a change of business under the policies of the TSX Venture Exchange ("Exchange") and is subject to the prior exchange approval. On execution of the LOI, Seaway paid a \$25,000 non-refundable deposit to Peepl as consideration for entering into the LOI.

Peepl Media is a group of technologists and entertainment professionals who banded together in 2013 to create a social network experience unlike any other, and social media features available to engage with celebrities and brand leaders through its website. Peepl uses the power of fans to direct social media from trendsetters that the fans love. Peepl is a direct connection to celebrities who want fans involved in their lives and brands that go the extra mile to listen to customers. Peepl gets you listened to; Peepl allows you to be involved with celebrities and brands in a direct and meaningful way. If you give your time, you are rewarded with better media, products and information most relative to the communities you love.

In accordance with the LOI, Seaway will acquire an aggregate of approximately 2,398,872 common shares in the capital of Peepl, which aggregate includes common shares proposed to be issued by Peepl on exercise of outstanding stock options anticipated to be exercised following accelerated vesting just prior to closing, as well as common shares proposed to be issued by Peepl on

conversion of outstanding convertible notes in exchange for approximately 8.8 million common shares in the capital of Seaway (an approximate 3.67-for-one basis), at a price of \$0.34 for an aggregate consideration of \$2,992,000. The payment shares issued by Seaway to the Peepl shareholders will be subject to a hold period of four months and one day from the date of issuance, and the payment shares issued by Seaway to the principals of Peepl may be subject to escrow or seed share resale restrictions in accordance with the policies of the Exchange.

Closing of the transaction is subject to the following conditions the entering into of a definitive share exchange agreement between Seaway and the Peepl shareholders; completion of a financing to Peepl; completion of satisfactory due diligence by each of Seaway and Peepl; receipt of all required approvals and third party consents of the Boards of Directors and shareholders of Seaway and Peepl, customers, lenders, lessors, and regulatory authorities; final acceptance by the exchange of the transaction, the financing by Seaway, Seaway's name change and all other items in connection with the change of business and other conditions precedent that are customary for a transaction of this nature. Seaway proposes obtaining approval of the transaction and consent to the change of business from its shareholders by way of written consent.

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.

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. 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.

Included in general and administrative expenses liability insurance, travel, office salaries and benefits, professional fees, office supplies and public company costs. General and administrative costs decreased to \$49,997 from \$362,861 in the comparative quarter and decreasing to \$96,159 for the six month period from \$543,918 in with the comparative period with the decrease being attributable to active operations ceasing as previously discussed. During the period, the Company did not encounter any uncollectable accounts. During the quarter, Seaway recovered \$18,586 of previously recorded doubtful accounts.

During the period, the Company incurred approximately \$74,500 in management fees, which is included in general and administrative expenses to either an Officer or a company controlled by an Officer of which \$1,575 is included in accounts payable and accrued liabilities at March 31, 2014. All 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 taxes based on existing tax pools and its current operations.

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. During the period 280,000 options were granted. The future expense will vary as it is dependent on the number and vesting provisions of future stock option grants.

Summary of Quarterly Results

	Three months ended March 31, 2013	Three months ended December 31, 2013	Three months ended September 30, 2013	Three months ended June 30, 2013
<i>(\$ thousands, except per share amounts)</i>				
Gross revenue	-	-	5	5
Net income (loss)	(76)	(46)	(68)	(67)
Per share – basic and diluted	(0.03)	(0.02)	(0.03)	(0.02)
Working capital (deficit)	(25)	25	71	163
Total assets	52	112	161	290

	Three months ended March 31, 2013	Three months ended December 31, 2012	Three months ended September 30, 2012	Three months ended June 30, 2012
<i>(\$ thousands, except per share amounts)</i>				
Gross revenue	218	328	609	589
Net income (loss)	(309)	(69)	(2)	(7)
Per share – basic and diluted	(0.10)	(0.03)	(0.00)	(0.00)
Working capital	231	525	592	617
Total assets	473	877	1,210	1,212

The increase in the loss in the current quarter is due to \$26,400 of share based compensation expense recorded offset by \$18,586 of recoveries with respect to previously recorded doubtful accounts.

The decrease in revenues and increase in the net loss in the last three 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 March 31, 2014, the Company has positive working capital deficit of \$25,452 compared to a positive working capital balance of \$70,707 as of September 30, 2013. At September 30, 2013, the Company ventured to accrue all future costs associated with shutting down the environmental operations of Seaway. The working capital decrease is primarily due to funds utilized in day to day operations and costs associated with finding a new business venture. Subsequent to the quarter the Company closed a closed non-brokered private placement for gross proceeds of \$182,250. The Company issued 1,214,999 units at a per-unit price of \$0.15. Each unit consists of one common share in the capital of the Company and one non-transferable share purchase warrant, each warrant entitling the holder to purchase one common share at a per-share price of \$0.30 until April 2, 2016, subject to accelerated expiry in certain circumstances. In accordance with applicable securities legislation, shares acquired by the placees and shares which may be acquired upon the exercise of the share purchase warrants are subject to a hold period until August 3, 2014.

The Company's office lease rental arrangements expire on October 30, 2014. The future minimum lease payments are 2014 - \$18,698 and 2015 - \$2,524 inclusive of estimated common costs. Due to the decision to cease active business operations the Company's liability with respect to future lease costs at March 31, 2014 is \$21,726 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.

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 and accounts payable and accrued liabilities 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 in 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 measurable 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 periods ended March 31, 2014 and September 30, 2013.

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. As the operations were shut down in the previous year the Company is endeavoring to collect the outstanding receivables.

	December 31, 2013	September 30, 2013
1-30 days	\$ -	\$ -
31-60 days	-	1,346
61 + days	<u>1,921</u>	<u>47,161</u>
Total trade receivables	<u>1,921</u>	48,507
Allowance for doubtful accounts	<u>(1,921)</u>	<u>(20,507)</u>
Total accounts receivable	<u>\$ -</u>	<u>\$ 28,000</u>

During the period the Company collected \$18,586 of previously recorded doubtful accounts.

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 March 31, 2014 and September 30, 2013 as the Company currently does not have any interest bearing deposits or a credit facility in place.

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

	December 31, 2013	September 30, 2013
Trade	\$ 3,302	\$ 4,612
Accrued	27,600	20,000
Constructive obligation (1)	<u>21,726</u>	<u>40,349</u>
Total accounts payable	<u>\$ 52,628</u>	<u>\$ 64,961</u>

(1) Due to the decision to cease active business operations the company recorded a \$21,729 (September 30, 2013 - \$40,349) liability with respect to future lease costs at September 30, 2013 as a constructive obligation. The lease expires on October 31, 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 it searches for a new business venture. As these variables change, liquidity risks may necessitate the need for the Company to conduct additional equity issues.

Outstanding Share Data

The Company has authorized an unlimited number of preferred shares and an unlimited number of voting common shares. At February 28, 2013 there are 2,887,747 common shares outstanding and 280,000 stock options outstanding exercisable at \$0.135. The Company consolidated its common shares on a one for ten basis effective March 21, 2014 pursuant to a special resolution passed by the shareholders on August 12, 2013. The numbers of common shares and per share calculations in the prior periods have been restated to reflect this consolidation.

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.

Accounting Pronouncements Not Yet Adopted

The Company has adopted the following new and amended standards effective as of January 1, 2013. These changes did not have a material impact on the Company's interim financial statements except for disclosure requirements.

- IFRS 7: Financial Instruments: Disclosures
- IFRS 10: Consolidated Financial Statements
- IFRS 11: Joint Arrangements
- IFRS 12: Disclosure of Interest in Other Entities
- IFRS 13: Fair Value Measurement
- IAS 34: Amendment to Interim Financial Reporting

Risks and Uncertainties

History of Losses

The Company has an accumulated deficit of \$3,226,264 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.