Seaway Energy Services Inc.
Financial Statements
(In Canadian Dollars)
September 30, 2015

Contents

JACKSON & COMPANY
Chartered Accountants

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INDEPENDENT AUDITORS' REPORT

To the Shareholders of
Seaway Energy Services Inc.

We have audited the accompanying financial statements of Seaway Energy Services Inc. which comprise of the statements of financial position as at September 30, 2015, and the statements of comprehensive income (loss), cash flows and changes in equity for the year then ended, and the related notes comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements
Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained in our audit is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the financial statements present fairly, in all material respects, the financial position of Seaway Energy Services Inc. as at September 30, 2015, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Emphasis of Matter
Without qualifying our opinion, we draw attention to Note 2 in the financial statements which describes matters and conditions that indicate the existence of a material uncertainty that may cast significant doubt upon Seaway Energy Services Inc.'s ability to continue as a going concern.

Other Matter
The financial statements of Seaway Energy Services Inc. as at September 30, 2014 were audited by another firm of independent auditors who expressed an unmodified opinion on those statements in their report dated January 28, 2015.

Jackson & Company
CHARTERED ACCOUNTANTS

Vancouver, British Columbia
January 28, 2016

Seaway Energy Services Inc.
Statements of Financial Position
(In Canadian Dollars)

As at September 30,	2015	2014
Assets		
Current		
Cash and cash equivalents	**$ 28**	$ 714
GST receivable	**11,739**	4,547
Prepaid expenses and deposits	**-**	3,004
	11,767	8,265
Advances to Peeppl (Note 5)	**-**	135,000
	$ 11,767	$ 143,265
Liabilities and Shareholders' Equity		
Current		
Accounts payable and accrued liabilities (Note 9(c))	**$ 154,086**	$ 106,560
Share capital (Note 7(b))	**2,885,306**	2,885,306
Contributed surplus	**525,046**	525,046
Deficit	**(3,552,671)**	(3,373,647)
	(142,319)	36,705
	$ 11,767	$ 143,265

The accompanying notes are an integral part of these financial statements.

On behalf of the Board:

"signed Kyle Stevenson" Director
Kyle Stevenson

"signed Brian Morrison" Director
Brian Morrison

Seaway Energy Services Inc.
Statements of Operations, Comprehensive Loss
(In Canadian Dollars)

For the years ended September 30	2015	2014
Expenses		
General and administrative (Note 8)	$ 65,024	$ 207,142
Share based payment	-	37,800
Impairment of investment (Note 4)	-	25,000
Impairment of the advances to Peeppl (Note 5)	114,000	-
	179,024	269,942
Net and comprehensive loss for the year	$ (179,024)	$ (269,942)
Net earnings (loss) per share - basic and diluted	$ (0.044)	$ (0.073)
Weighted average shares outstanding - basic and diluted *(1)*	4,102,746	3,693,296

(1) The options and warrants have been excluded from the diluted per share computation as they are anti-dilutive

The accompanying notes are an integral part of these financial statements.

Seaway Energy Services Inc.
Statements of Shareholders' Equity
(In Canadian Dollars)

		Share Capital		Contributed Surplus		Deficit		Total Equity (Deficiency)
Balance October 1, 2014	$	2,885,306	$	525,046	$	(3,373,647)	$	36,705
Net loss for the year		-		-		(179,024)		(179,024)
Balance September 30, 2015	$	2,885,306	$	525,046	$	(3,552,671)	$	(142,319)

		Share Capital		Contributed Surplus		Deficit		Total Equity
Balance October 1, 2013	$	2,712,166	$	487,246	$	(3,103,705)	$	95,707
Net loss for the year		-		-		(269,942)		(269,942)
Issue of common shares		173,140		-		-		173,140
Share based payment		-		37,800		-		37,800
Balance September 30, 2014	$	2,885,306	$	525,046	$	(3,373,647)	$	36,705

The accompanying notes are an integral part of these financial statements.

Seaway Energy Services Inc.
Statements of Cash Flows
(In Canadian Dollars)

For the year ended September 30	2015	2014
Cash flows from (used in) operating activities		
Net loss for the year	$ (179,024)	$ (269,942)
Items not involving cash:		
Impairment of the advances to Peeppl	114,000	-
Share based payment	-	37,800
Impairment of investment	-	25,000
Change in non-cash working capital balances:		
Accounts receivable	-	28,000
Other receivables	-	7,500
GST receivable	(7,192)	812
Prepaid expenses	3,004	14,988
Accounts payable and accrued liabilities	47,526	41,600
Cash flow used in operating activities	(21,686)	(114,242)
Cash flows from (used in) financing activities		
Issuance of common shares, net of costs	-	173,140
Repayment of debentures	-	-
Cash flow from (used in) financing activities	-	173,140
Cash flows from (used in) investing activities		
Repayment of advances by Peeppl	21,000	-
Advances to Peeppl	-	(135,000)
Cash flow used in investing activities	21,000	(135,000)
Decrease in cash and cash equivalents	(686)	(76,102)
Cash and cash equivalents, beginning of year	714	76,816
Cash and cash equivalents, end of year	$ 28	$ 714
Supplemental information		
Interest paid	$ -	$ -
Taxes paid	$ -	$ -

The accompanying notes are an integral part of these financial statements.

1. Corporate Information

Seaway Energy Services Inc. ("Seaway" or the "Company") was incorporated under the Business Corporations Act (Alberta) on September 4, 1998. The principal activities of Seaway were the provision of environmental consulting services to the petroleum and natural gas industry until March 31, 2012 when the Company ceased active operations as further discussed in Note 2. The Company's common shares trade on the TSX Venture exchange under the symbol SEW.

The head office of the Company is located at Suite 2000, 1177 West Hastings Street, Vancouver, British Columbia, V6E 2K3 and the registered office is located at Suite 1810, 1111 West Gerogia Street, Vancouver, British Columbia, V6E 4M3.

2. Basis of Presentation

Statement of compliance
The Company prepares its financial statements in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board (IASB).

The policies applied in these financial statements are based on IFRS issued and outstanding as of January 28, 2016, the date they were approved and authorized for issuance by the Board of Directors ("the Board").

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.

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 may 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 that have been estimated in the financial statements. Notwithstanding the foregoing, the Company continues to evaluate other opportunities that have the potential of providing a superior return to its shareholders and on August 12, 2013, the shareholders approved a one for ten consolidation of the Company's shares.

On January 4, 2016, the Company decided not to proceed with the change of business transaction between the company and Peeppl Media Inc. (Note 5) and intends to facilitate other business opportunities. In order to facilitate other business opportunities, Seaway is seeking regulatory approval to complete a one for three share consolidation and endeavoring to complete a $500,000 non-brokered private placement.

2. Basis of Presentation - continued

Basis of Measurement
The financial statements have been prepared on the historical cost basis, which is based on the fair value of the consideration at the time of the transaction, except for certain financial instruments which are accounted for at fair value.

Functional and Presentation Currency
The financial statements are presented in Canadian dollars, which is the functional currency of Seaway.

Use of Estimates, Judgments and Assumptions
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 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 financial statements are as follows:

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 financial statements, and revenues and expenses during the reporting period. Actual results can differ from those estimates.

Available for sale investments – the recoverability of the Company's investment is dependent on the liquidity of the private Company shares, which is based in part on the ability to complete acquisitions. The Company will assess at each reporting period whether there is any objective evidence that a financial asset has been impaired. When the fair value of the investment cannot be derived from active markets, they are determined using recent transactions or a variety of valuation techniques that may include the use of mathematical models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. The judgments include considerations of liquidity and model inputs such as volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

3. Summary of Significant Accounting Policies

The significant accounting policies used in the preparation of these financial statements are described below. The accounting policies have been applied consistently by the Company's entities.

Cash and cash equivalents:
Cash and cash equivalents comprise cash on hand, term deposits held with banks, other short-term highly liquid investments with original maturities of three months or less. The Company does not currently have any cash equivalents.

Financial instruments
Non-derivative financial instruments:
Non-derivative financial instruments are comprised of cash and cash equivalents, trade and other accounts receivables, trade and other accounts payable, and obligations under finance lease. Non-derivative financial instruments are recognized initially at fair value net of any directly attributable transaction costs except for non-derivative instruments classified as "fair value through earnings".

Subsequent to initial recognition, non-derivative financial instruments are measured as described below.

Financial assets at fair value through profit and loss:
An instrument is classified at fair value through earnings if it is held for trading or is designated as such upon initial recognition. Financial instruments are designated at fair value through earnings if the Company manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Company's risk management or investment strategy. Upon initial recognition, directly attributable transaction costs are deducted against proceeds. Financial instruments at fair value through earnings are measured at fair value, and changes therein are recognized in earnings.

Other:
Other non-derivative financial instruments, such as trade and other accounts receivable and trade and other accounts payable are measured at amortized cost using the effective interest method.

Derivative financial instruments:
The Company may enter into certain financial derivative contracts in order to manage the exposure to market risks from fluctuations in foreign currency rates or interest rates. These instruments are not used for trading or speculative purposes. The Company does not designate its financial derivative contracts as effective accounting hedges, and thus has not applied hedge accounting, even though the Company considers all contracts to be economic hedges. As a result, all financial derivative contracts when entered into will be classified as fair value through earnings and are recorded on the statement of financial position at fair value. Transaction costs are recognized in earnings when incurred.

On initial recognition, the convertible debentures were classified into debt and equity components at fair value. The liability was valued at fair value using a valuation model that incorporates the redeemable option and this was deducted from the fair value of the convertible debenture as a whole to determine the value of the equity component. Subsequent to the initial recognition, the liability component is re-measured at amortized cost using the effective interest rate method. The equity component is not re-measured subsequent to initial recognition.

3. Summary of Significant Accounting Policies

Available for sale financial assets:
Available for sale financial assets are non-derivative financial assets that are designated as available for sale and that are not classified within loans and receivables or financial assets at fair value through profit or loss. Subsequent to initial recognition, they are measured at the lower of fair value or initial cost. When an investment is derecognized, the cumulative gain or loss in other comprehensive income is transferred to net income for the period.

Share capital:
Common shares are classified as equity. Incremental costs directly attributable to the issue of common shares and share options are recognized as a deduction from equity, net of any tax effects.

Share based compensation
The Company has established a share based compensation plan (the "Plan") comprised of a Stock Option Plan (note 7(c)). The Company uses the fair value method for valuing share based compensation. Under this method, the compensation cost attributed to stock options granted is measured at the fair value at the grant date using the Black-Scholes options pricing model and expensed over the vesting period with a corresponding increase to contributed surplus. A forfeiture rate is estimated on the grant date and is adjusted to reflect the actual number of option or units that vest. Upon the settlement of the stock options, the previously recognized value in contributed surplus is recorded as an increase to shareholders' equity.

Income tax
Income tax expense is comprised of current and deferred tax. Income tax expense is recognized in the statements of operations and comprehensive income (loss) except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted substantively at the reporting date, and any adjustment to tax payable in respect of previous years. Deferred tax is recognized on the temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized on the initial recognition of assets or liabilities in a transaction that is not a business combination.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Earnings per share
Basic earnings (loss) per share is calculated by dividing the net earnings or loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted per share amounts are calculated based on the treasury stock method, which assumes that any proceeds obtained on the exercise of the in the money stock options and warrants would be used to purchase common shares at the average market price for the period.

3. Summary of Significant Accounting Policies

Provisions

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax “risk-free” rate that reflects current market assessments of the time value of money and the risks specific to the liability. Provisions are not recognized for future operating losses.

New standards and interpretations not yet adopted:

The standards and interpretations that are issued but not yet effective up to the date of issuances of the Company’s financial statements are listed below.

(a) The following new and amended standards have been adopted by the Company effective October 1, 2014:

IAS 32 – Offsetting Financial Assets and Liabilities

The IASB amended IAS 32 to clarify when an entity has a legally enforceable right to set-off and net versus gross settlement mechanisms. The Company adopted certain the amendments to IAS 32 in its consolidated financial statements for the annual period beginning October 1, 2014. The adoption of the amendments did not have a material impact on the financial statements.

IFRIC 21 - Levies

IFRIC 21 provides guidance on when to recognize a liability for a levy imposed by a government, both for levies that are accounted for in accordance with IAS 37 Provisions, contingent Liabilities and Contingent Assets (“IAS 37”) and those where the timing and amount of the levy is certain. It defines the obligating event for the recognition of a liability as the activity that triggers the payment of the levy in accordance with the relevant legislation. IFRIC 21 is effective for annual periods beginning on or after January 1, 2014. The Company assessed IFRIC 21 and determined that the adoption did not result in any change on the financial statements.

(b) The standards and interpretations that are issued but not yet effective up to the date of issuances of the Company’s consolidated financial statements are listed below. The Company is currently analyzing the impact, if any, that the adoption of these standards will have on its financial statements

IAS 1 Presentation of Financial Statements (“IAS 1”)

In December 2014, the IASB issued amendments to IAS 1. The amendments are part of the IASB’s Disclosure Initiative to address some of the concerns expressed about existing presentation and disclosure requirements and to ensure entities are able to use judgement when preparing their financial statements. The amendments may impact presentation relating to materiality, presentation of financial position and profit or loss and other comprehensive income, and notes to the financial statements. These amendments will be effective for annual periods beginning on or after January 1, 2016. Earlier application permitted. The standard will be effective on October 1, 2016 for the Company.

IFRS 9 – Financial Instruments

In July 2014, the IASB amended IFRS 9, “Financial Instruments”, to bring together the classification and measurement, impairment and hedge accounting phases of the IASB’s project to replace IAS 39, “Financial Instruments: Recognition and Measurement”. The standard supersedes all previous versions of IFRS 9 and is effective on January 1, 2018. Earlier application is permitted. The standards will be effective on October 1, 2018 for the Company.

3. Summary of Significant Accounting Policies

IFRS 15 – Revenue from Contracts with Customers
In May 2014, the IASB issued IFRS 15, "Revenue from Contracts with Customers", to specify how and when to recognize revenue as well as requiring the provision of more informative and relevant disclosures. IFRS 15 supersedes IAS 18, "Revenue", IAS 11, "Construction Contracts", and other revenue related interpretations. The standard has an effective date for annual reporting periods beginning on or after January 1, 2018 and is available for early adoption. The standard will be effective on October 1, 2018 for the Company.

Amendments to IAS 16 and IAS 38
In May 2014, the IASB issued amendments to IAS 16 Property, Plant, and Equipment and IAS 38 Intangible Assets. These amendments prohibit entities from using a revenue-based depreciation method for items of property, plant and equipment. They also introduced a rebuttable presumption that revenue is not an appropriate basis for amortization of an intangible asset. The amendments explain that an expected future reduction in selling prices could be indicative of a reduction of the future economic benefits embodied in an asset. These amendments are to be applied prospectively for annual periods beginning on or after January 1, 2016. Early Adoption is allowed. These amendments will be effective on October 1, 2016 for the Company.

4. Investment

In July 2013, the Company subscribed for 500,000 common shares of Sierra Coastal Partners Incorporated ("Sierra") for $0.05 per common share. The transaction with Sierra is at arm's length, with Sierra being a private company and Seaway owning approximately 4.79% of the common shares outstanding. The investment was reported in the financial statements and was classified as an available for sale investment carried at the lower of cost or fair value, with $25,000 being the carrying value. Due to the prevailing market conditions, Seaway impaired the investment at September 30, 2014.

5. Advances to Peeppl

Seaway has entered into a non-binding, arm's-length letter of intent ("LOI") dated April 16, 2014, with Peeppl Media Inc., pursuant to which Seaway will acquire all of the issued and outstanding securities of Peeppl in exchange for common shares in the capital of Seaway, and Peeppl 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 Exchange approval. On execution of the LOI, Seaway paid a $25,000 non-refundable deposit to Peeppl as consideration for entering into the LOI. In addition, Seaway advanced loans totaling $110,000 to Peeppl. Peeppl repaid $21,000 of the advance in January 2015.

On January 4, 2016, the Company's board of directors has determined that financing of the Peeppl transaction would be extremely difficult given a potential trademark dispute between Peeppl and a business with a similar operating name and decided to terminate the transaction.

In light of the circumstances that lead to the termination of the transaction with Peeppl and Peeppl's financial condition, Seaway impaired the advances made as it is doubtful it will be able to collect any of the funds advanced.

6. Income taxes

(a) The actual income tax provision differs from the expected amount calculated by applying the Canadian combined federal and provincial corporate income tax rate to income before income taxes. The major components of these differences are explained as follows:

	2015	2014
Loss before taxes	**$ (179,024)**	$ (269,942)
Corporate income tax rate	**26.0%**	25.0%
Computed expected tax recovery	**$ (46,546)**	$ (67,486)
Increase in income taxes resulting from:		
Share based payment	**-**	9,450
Other permanent differences	**130**	(1,186)
Rate adjustments	**(21,738)**	-
Valuation allowance	**68,154**	59,222
Income tax expense	**$ -**	$ -

(b) Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts for income tax purposes. The components of the Company's deferred income tax assets and liabilities are as follows:

Nature of temporary differences	**2015**	2014
Capital losses	**$ 37,530**	$ 6,250
Non-capital losses	**278,561**	241,340
Share issue costs and finance fees	**1,476**	1,823
Valuation allowance	**(317,567)**	(249,413)
Deferred income tax asset	**$ -**	$ -

Deferred income tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available against which the Company can utilize the benefit.

(c) The Company has non-capital losses of approximately $1,032,000, which are available to reduce taxable income in future years. If unutilized, these losses will expire as follows: 2028 - $66,000, 2032 - $145,000, 2033 - $546,000, 2034 - $205,000 and 2035 - $70,000. In addition, the Company has $139,000 of capital losses available to reduce future capital gains.

7. Share Capital

(a) Authorized

Unlimited number of preferred shares
Unlimited number of common voting shares without nominal or par value
Unlimited number of share purchase warrants

7. Share Capital – continued

(b) Issued and outstanding

	September 30, 2015			September 30, 2014		
Common shares	**Shares**		**Amounts**	Shares		Amounts
Balance, beginning of year *(i)*	4,102,746	$	2,799,806	2,887,747	$	2,712,166
Issued pursuant to a private placement *(ii)*	-		-	1,214,999		96,750
Share issue costs	-		-	-		(9,110)
Balance, end of year	4,102,746	$	2,799,806	4,102,746	$	2,799,806
Warrants						
Balance, beginning of year	1,214,999	$	85,500	-	$	-
Issued pursuant to a private placement *(ii)*	-		-	1,214,999		85,500
Balance, end of year	1,214,999	$	85,500	1,214,999	$	85,500
		$	2,885,306		$	2,885,306

(i) *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.*

(ii) *On April 2, 2014, the Company closed a private placement of 1,214,999 Units for gross proceeds of $182,250. Each unit consisted of one common share and one share purchase warrant. Each warrant is exercisable for one common share at an exercise price of $0.30 per share for 24 months from the closing date. The fair value of the warrants was estimated at $85,500 and was determined using the Black-Scholes option pricing model with the following assumptions dividend yield – Nil, expected volatility 80%, risk free rate of return 1.2%, weighted average life – 2 years.*

(c) Stock options

The Company has a stock option plan that provides for the issuance to its directors, officers, employees and consultants options to purchase from treasury a number of common shares not exceeding 10% of the common shares that are outstanding from time to time which is the number of shares reserved for issuance under the plan. Options granted under the plan have varying vesting periods as determined by the Board at the grant date. Options can be exercisable for a maximum of five years from the effective date. The options are non-transferable if not exercised. Pursuant to the Stock Option Plan, the exercise price of options will be set by the Board at the time options are granted and cannot be less than the discounted market price, except as permitted by the Exchange. A summary of the status of the Company's stock option plan as at September 30, 2015 and 2014 and changes during the respective periods ended on those dates is presented below.

	September 30, 2015		September 30, 2014	
Stock Options	**Number of options**	**Weighted average exercise price**	Number of Options	Weighted average exercise price
Beginning of year	**280,000**	**$0.135**	-	-
Granted	**-**	**-**	280,000	$0.135
Exercised	**-**	**-**	-	-
Expired	**-**	**-**	-	-
End of period	**280,000**	**$0.135**	280,000	$0.135
Exercisable, end of year	**280,000**	**$0.135**	280,000	$0.135

The fair value of the options granted in quarter was determined using Black Scholes model and the following weighted average assumptions: dividend yield – nil, expected volatility 80%, risk free rate – 1.5%, expected life – five years and forfeiture – 5%. The options vested immediately upon the grant. The expected volatility has been determined based on the Company's peer group.

7. Share Capital – continued

Date of Grant	Number Outstanding	Exercise Price	Weighted Average Remaining Contractual Life	Date of Expiry	Number Exercisable September 30, 2015
March 21, 2014	280,000	$0.135	3.47 years	March 21, 2019	280,000

8. Personnel Expenses

Included in general and administrative expenses is 2015 - $15,593 (2014 - $109,050) related to payroll, severance, consulting and director compensation. Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company. Key management personnel include officers and non-executive directors. Executive officers are paid either a salary or management fees and are entitled to participate in the Company's stock option program. Non-executive directors may also participate in the Company's stock option program and may be paid fees for services. Key management personnel compensation is comprised of the following:

		2015		2014
Management salary/fees and benefits	**$**	**15,593**	$	89,000
Share based compensation		**-**		37,800
Total employee remuneration	**$**	**15,593**	$	126,800

All the aforementioned payments are considered related party transactions and are in the normal course of operations and have been measured at the agreed to exchange amounts, which is the amount of consideration established and agreed to by the related parties.

Included in accounts payable and accrued liabilities is $57,647 due to Officers and Directors of the Company with respect to consulting fees and payment made on behalf of the Company.

9. Financial Instruments

The Company holds various forms of financial instruments. The nature of these instruments and the Company's operations expose the Company to interest rate and foreign currency, liquidity, and fair value risks. The Company manages its exposure to these risks by operating in a manner that minimizes its exposure to the extent practical. These risks are outlined more fully below.

Financial instrument:	Category:
Cash and cash equivalents	Held for trading
Accounts receivable	Loans receivable
Advances to Peeppl	Loans receivable
Investment	Available for sale
Accounts payable and accrued liabilities	Other financial liabilities

(a) Fair value of financial instruments
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.

9. Financial Instruments - continued

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 existing market conditions. The Peeppl advance has been classified as level 3. There have been no changes to the aforementioned classifications during the years ended September 30, 2015 and 2014.

(b) Credit risk

The Company is subject to a concentration of credit risk in its advances to Peeppl (Note 5) only as the Company had no revenues in either 2015 or 2014. The advances to Peeppl, are to a company in the development stage, currently without any revenues however, Peeppl has been able to raise additional funds in order to continue developing its proprietary software. As disclosed in Note 5, the balance owing of $114,000 was impaired.

(c) Liquidity risk

Liquidity risk includes the risk that, as a result of 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, 2015		September 30, 2014
Trade	**$**	**147,586**	$	87,560
Accrued		**6,500**		15,000
Constructive obligation *(1)*		**-**		4,000
Total accounts payable	**$**	**154,086**	$	106,560

(1) 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. The lease expired on October 31, 2014.

9. Financial Instruments - continued

Seaway will be required to raise funds in order to fund its current working capital deficit in order to meet its current obligations while it endeavors to facilitate other business opportunities. As these variables change, liquidity risks may necessitate the need for the Company to conduct further equity issues.

10. Capital Risk Management

The Company's objectives when managing capital is to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders. Managed capital consists of the Company's current working capital (current assets less current liabilities). The Company sets the amount of capital in proportion to risk. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. The Company's objective is met by retaining adequate equity to provide for the possibility that cash flows from assets will not be sufficient to meet future cash flow requirements. The Board of Directors does not establish quantitative return on capital criteria for management; but rather promotes year over year sustainable profitable growth. The Company is not subject to any externally imposed capital requirements. There have been no changes to the Company's capital risk management approach during the years ended September 30, 2015 or 2014.

11. Commitments and Contingencies

From time to time, the Company may be involved in litigation or has claims sought against it in the normal course of business operations. Management of the Company is not currently aware of any claims or actions that would materially affect the Company's reported financial position or results from operations.

Under the terms of certain agreements and the Company's by-laws the Company indemnifies individuals who have acted at the Company's request to be a director and/or officer of the Company, to the extent permitted by law, against any and all damages, liabilities, costs, charges or expenses suffered by or incurred by the individuals as a result of their service. The Company has no outstanding claims having a potentially material adverse effect on the Company as a whole.