

Seaway Energy Services Inc.
Management's Discussion and Analysis
For the Three Month Period Ended December 31, 2015

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 months ended December 31, 2015 the audited financial statements for the year ended September 30, 2015. 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 February 29, 2016.

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

In January 2016, Seaway has decided not to proceed with the change of business transaction between the Company and Peepl Media Inc. ("Peepl"). Seaway entered into a non-binding, arm's-length letter of intent ("LOI") dated April 16, 2014, with Peepl, pursuant to which Seaway would acquire all of the issued and outstanding securities of Peepl in exchange for common shares in the capital of Seaway. The Company's board of directors has determined that financing of the Peepl would be extremely difficult given a potential trademark dispute between Peepl and a business with a similar operating name.

In order to facilitate other business opportunities, the company intends to carry out the following corporate changes:

Non-brokered private placement

The Company is pleased to announce that it intends to arrange a non-brokered private placement of up to 10 million units priced at five cents per unit for total gross proceeds of up to \$500,000. Each unit will consist of one (post consolidated) common share and one-half of one (post consolidated) share purchase warrant, each warrant being exercisable to acquire one common share of the company at a price of 10 cents for a period of 24 months following the closing date of the placement. The shares will be subject to a four-month hold period, and the private placement is subject to TSX Venture Exchange approval. Proceeds from this financing shall be used for investigating project acquisitions and general corporate purposes.

Share consolidation

In connection with the placement, the Company will be filing for, and seeking approval of, a consolidation of the Company's issued and outstanding share capital with the TSX Venture Exchange. The intended consolidation will be on a basis of one post consolidation common share for every three pre consolidation common shares. This consolidation will reduce the issued and outstanding shares of the company from 4,102,746 to approximately 1,367,582 shares prior to the placement and assuming no other change in the issued capital. The board of directors believes that the proposed share consolidation will better position Seaway to raise the funds it requires to finance continuing business activities and to seek additional opportunities.

Change in board of directors

Clovis Najm has resigned as director, on January 4, 2016. The Company wishes to thank Mr. Najm for his valuable contributions to the board and wish him all the best in his future endeavors. In order to fill said vacancy, the Company has appointed Denis Clement to the board of directors. Mr. Clement has 27 years of experience in corporate finance, law and management. He has served as director of several private and publicly listed companies in various industries.

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

Included in general and administrative expenses liability insurance, travel, management fees, professional fees, office supplies and public company costs. General and administrative costs increased to \$58,487 from \$10,918 in the comparative quarter with the increase being associated with \$55,000 of management fees paid to find a new business venture.

Management fees of \$15,000 were charged in the current three month period by a Director and Officer of the Company. Included in accounts payable and accrued liabilities is \$72,647 at December 31, 2015 due to these companies or officers with respect to consulting fees and payments made on behalf of the Company. 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. No stock options were granted during the current year.

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. 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 December 31, 2015	Three months ended September 30, 2015	Three months ended June 30, 2015	Three months ended March 31, 2015
<i>(\$ thousands, except per share amounts)</i>				
Gross revenue	-	-	-	-
Net income (loss)	(58)	(149)	(4)	(15)
Per share – basic and diluted	(0.013)	(0.036)	(0.000)	(0.001)
Working capital (deficit)	(201)	(142)	(107)	(104)
Total assets	16	12	120	119
	Three months ended December 31, 2014	Three months ended September 30, 2014	Three months ended June 30, 2014	Three months ended March 31, 2014
<i>(\$ thousands, except per share amounts)</i>				
Gross revenue	-	-	-	-
Net income (loss)	(11)	(46)	(90)	(87)
Per share – basic and diluted	(0.001)	(0.01)	(0.02)	(0.03)
Working capital (deficit)	(109)	(98)	(77)	(25)
Total assets	140	143	172	52

The net loss in the current quarter is due to \$55,000 of management costs associated with finding a new business venture.

The net loss during the fiscal 2015 quarters primarily relates to continuous disclosure costs and obligations. The Company incurred an extraordinary cost in the fourth quarter of fiscal 2015 with respect to the \$114,000 impairment of the advances to Peepl as a result of the decision not proceed with the transaction.

Of the net loss during the fourth quarter of 2014, \$25,000 is related to the impairment of the investment in Sierra Coastal Partners with the remaining expenditures being administrative in nature primarily related to the Company's continuous disclosure obligations.

During the second quarter of 2014, the Company completed an \$182,250 private placement at \$0.15 per common share resulting in the total asset increase. The net loss in the quarter is primarily related to legal fees associated with Peepl transaction.

The increase in the loss in the prior 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.

Liquidity and Capital Resources

At December 31, 2015, the Company has a working capital deficit of \$200,806 compared to a working capital deficit of \$142,319 as of September 30, 2015. The working capital decrease is primarily due to funds utilized in continuous disclosure obligations and costs associated with finding a new business venture. The Company will be required to conduct additional private placements to fund the current working capital deficit.

Seaway is currently endeavoring to complete a non-brokered private placement of up to 10 million units priced at five cents per unit for total gross proceeds of up to \$500,000. Each unit will consist of one (post consolidated) common share and one-half of one (post consolidated) share purchase warrant, each warrant being exercisable to acquire one common share of the company at a price of 10 cents for a period of 24 months following the closing date of the placement. The shares will be subject to a four-month hold period, and the private placement is subject to TSX Venture Exchange approval. Proceeds from this financing shall be used for investigating project acquisitions and

general corporate purposes.

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 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. There have been no changes to the aforementioned classifications during the year ended September 30, 2015 and three month period ended December 31, 2015.

Credit 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

	December 31, 2015	September 30, 2015
Trade	\$ 208,497	\$ 147,586
Accrued	<u>8,000</u>	<u>6,500</u>
Total accounts payable	<u>\$ 216,497</u>	<u>\$ 154,086</u>

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.

Outstanding Share Data

The Company has authorized an unlimited number of preferred shares and an unlimited number of voting common shares. On February 26, 2016 there are 4,102,746 common shares outstanding, 1,214,999 warrants outstanding exercisable at \$0.30 and 280,000 stock options outstanding exercisable at \$0.135. The warrants expire on April 2, 2016 and the options expire on March 21, 2019.

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:

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.

Risks and Uncertainties

History of Losses

The Company has an accumulated deficit of \$3,384,565 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 professional's 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.