Seaway Energy Services Inc.
Condensed Interim Financial Statements
(In Canadian Dollars)
Three Month Ended December 31, 2016

Contents

NOTICE TO READER

Pursuant to National Instrument 51-102, Part 4, subsection 4.3(3)(a) issued by the Canadian Securities Administrators, if an auditor has not performed a review of the condensed interim financial statements, they must be accompanied by a notice indicating that the interim financial statements have not been reviewed by an auditor.

The Company's independent auditors have not performed a review of these condensed interim financial statements in accordance with the standards established by the Chartered Professional Accountants Canada for a review of interim financial statements by an entity's auditor.

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

As at	December 31, 2016	September 30, 2016
	$	$
Assets		
Current		
Cash and cash equivalents	**8,893**	16,645
GST receivable	**22,073**	20,619
	30,966	37,264
Liabilities and Shareholders' Equity		
Current		
Accounts payable and accrued liabilities	**17,318**	11,530
Promissory note (Note 4)	**-**	-
	17,318	11,530
Share capital (Note 6(b))	**3,297,806**	3,262,806
Contributed surplus	**665,578**	525,046
Deficit	**(3,949,736)**	(3,762,118)
	13,648	25,734
	30,966	37,264

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

On behalf of the Board:

/s/ David Sidoo
Director

/s/ Nick Demare
Director

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

For the period ended December 31	2016	2015
	$	$
Expenses		
General and administrative (Note 10)	**187,618**	58,487
	187,618	58,487
Net and comprehensive loss for the year	**(187,618)**	(58,487)
Net earnings (loss) per share		
- basic and diluted	**(0.02)**	(0.042)
Weighted average shares outstanding		
- basic and diluted *(1)*	**9,327,583**	1,367,582

(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 interim financial statements.

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

		Share Capital		Contributed Surplus		Deficit		Total Equity
Balance October 1, 2016	$	3,262,806	$	525,046	$	(3,762,118)	$	25,734
Warrant exercise		35,000		-		-		35,000
Stock-based compensation		-		140,533		-		140,533
Net loss for the year		-		-		(187,618)		(187,618)
Balance December 31, 2016	$	3,262,806	$	665,578	$	(3,949,736)	$	13,648

		Share Capital		Contributed Surplus		Deficit		Total Equity (Deficiency)
Balance October 1, 2015	$	2,885,306	$	525,046	$	(3,552,671)	$	(142,319)
Net loss for the year		-		-		(58,487)		(58,487)
Balance December 31, 2015	$	2,885,306	$	525,046	$	(3,611,158)	$	(200,807)

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

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

For the period ended December 31	2016	2015
	$	$
Cash flows from (used in) operating activities		
Net loss for the year	(187,618)	(58,487)
Stock-based compensation	140,533	-
Change in non-cash working capital balances:		
GST receivable	(1,456)	(3,943)
Prepaid expenses	-	-
Accounts payable and accrued liabilities	5,789	62,412
Cash flow used in operating activities	(42,752)	(18)
Cash flows from (used in) financing activities		
Proceeds from warrant exercise	35,000	-
Decrease in cash and cash equivalents	(7,752)	(18)
Cash and cash equivalents, beginning of year	16,645	28
Cash and cash equivalents, end of year	8,893	10

Supplemental information		
Interest paid	$ -	$ -
Taxes paid	$ -	$ -

The accompanying notes are an integral part of these interim 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 and registered office of the Company is located at Suite 1305, 1090 West Georgia Street, Vancouver, British Columbia, V6E 3V7, Canada.

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 February 27, 2017, 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 and additional capital will be required to facilitate other business opportunities. 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.

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

2. Basis of Presentation - continued

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.

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. 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.

Valuation of equity units issued in private placements
The Company has adopted a residual value method with respect to the measurement of shares and warrants issued as private placement units. The residual value method first allocates value to the more easily measurable component based on fair value and then the residual value, if any, to the less easily measurable component.

The fair value of the common shares issued in private placements is determined to be the more easily measurable component and are valued at their fair value, as determined by the closing price on the issuance date. The balance, if any, is allocated to the attached warrants. Any fair value attributed to the warrants is recorded to reserves. If the warrants expire unexercised, the value attributed to the warrants is transferred to accumulated deficit.

3. Summary of Significant Accounting Policies - continued

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.

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.

3. Summary of Significant Accounting Policies - continued

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

(a) 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 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 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.

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.

3. Summary of Significant Accounting Policies - continued

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. Promissory Note

On January 25, 2016, the Company closed a $15,000 Promissory Note financing with an arm's length party. The Promissory Note bears interest at 20% per annum and is due on January 25, 2017. If the Promissory Note is paid by July 25, 2016, no interest will be payable. The note was repaid in full before July 25, 2016.

5. 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

On April 11, 2016, the Company consolidated its share capital on three for one basis.

(b) Issued and outstanding

	December 31, 2016			September 30, 2016		
Common shares	**Shares**		**Amounts**	**Shares**		**Amounts**
Balance, beginning	**8,977,583**	**$**	**3,262,806**	**1,367,582**	**$**	**2,885,306**
Private placement*(i)*	-			7,610,000		380,500
Private placement fees*(i)*	-			-		(3,000)
Warrant exercise	**350,000**		**35,000**	**-**		**-**
Balance, ending	**9,327,583**	**$**	**3,297,806**	**8,977,582**	**$**	**3,262,806**
Warrants						
Balance, beginning	**3,805,000**			**404,999**		
Private placement*(i)*	-			3,805,000		
Exercised *(ii)*	(350,000)			-		
Expired	-			(404,999)		
Balance, ending	**3,455,000**			**3,805,000**		

(i) On April 19, 2016, the Company closed a private placement for 7,610,000 Units sold at a price of $0.05 per Unit. Each unit comprises one share and one half share purchase warrant exercisable at $0.10 per share for a period of 24 months from the date of closing. Finder's fee of $3,000 cash was paid. The attached warrants had a $NIL residual value.

(ii) 350,000 shares were issued upon exercise of equivalent warrants for total proceeds of $35,000.

5. Share Capital – continued

(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, 2016 and September 30, 2015 and changes during the respective periods ended on those dates is presented below.

	December 31, 2016		September 30, 2016	
Stock Options	**Number of options**	**Weighted average exercise price**	Number of Options	Weighted average exercise price
Beginning of year	**93,333**	**$0.405**	93,333	$0.405
Granted	**890,000**	**$0.20**	-	-
Exercised	**-**	**-**	-	-
Expired	**(93,333)**	**$0.405**	-	-
End of period	**890,000**	**$0.20**	93,333	$0.405
Exercisable, end of year	**890,000**	**$0.20**	93,333	$0.405

On October 20, 2016 the Company granted 890,000 incentive stock options to certain directors, officers, and consultants of the Company. The weighted average fair value of $0.16 (rounded) per stock option was determined using the Black-Scholes option pricing model using the following assumptions: share price on grant date of $0.20, expected life of stock option of 5 years, volatility of 111.14%, annual rate of dividends of 0.00% and a risk free rate of 0.66%.

6. Advances to Peeppl

Seaway had previously 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 would have constituted 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.

7. 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
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.

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 current period.

(b) 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.

7. Financial Instruments - continued

Trade and other payables

		December 31, 2016		September 30, 2016
Trade	$	7,318	$	1,530
Accrued		10,000		10,000
Total accounts payable	$	17,318	$	11,530

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.

8. 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 period ended December 31, 2016.

9. 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.

10. Personnel Expenses

Included in general and administrative expenses in the current period is $28,000 (2016 - $NIL) related to consulting services provided by current members of management. 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. Key management personnel compensation is comprised of the following:

		2016		2016
Consulting expenses	**$**	**28,000**	$	**NIL**

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.