

Seaway Energy Services Inc.
Management's Discussion and Analysis
For the Three Months Ended December 31, 2016

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 audited financial statements for the year ended September 30, 2016, and the financial statements for the period ended December 31, 2016. 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 27, 2017.

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 decided not to proceed with the change of business transaction between the Company and Peepl Media Inc. ("Peepl"). Seaway had 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. The Company currently does not have any active operations and management is currently seeking new business opportunities and financing.

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 \$187,618 from \$58,487 in the comparative three month period. The increase being associated with significant increase in consulting, and regulatory fees paid to find a new business venture.

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 Annual Results

<i>(\$ thousands, except per share amounts)</i>	September 30, 2016	September 30, 2015	September 30, 2014
	\$	\$	\$
Income Statement			
Net profit (loss)	(209)	(179)	(269)
Loss per share (basic and diluted)	(0.04)	(0.04)	(0.22)
Balance Sheet			
Total assets	37	12	143
Total long-term liabilities	-	-	-

Summary of Quarterly Results

<i>(\$ thousands, except per share amounts)</i>	Three months ended December 31, 2016	Three months ended September 30, 2016	Three months ended June 30, 2016	Three months ended March 31, 2016
	\$	\$	\$	\$
Gross revenue	-	-	-	-
Net income (loss)	(188)	6	(118)	(39)
Per share – basic and diluted	(0.02)	0.00	(0.09)	(0.01)
Working capital (deficit)	14	26	19	(239)
Total assets	31	37	83	24

	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, 2016 Analysis

The Company is currently inactive and seeking new business opportunities and financing. There are no meaningful analyses to be made.

Liquidity and Capital Resources

At December 31, 2016, the Company has a working capital of \$13,648 compared to a working capital deficit of \$25,734 as of September 30, 2016,. 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.

On April 19, 2016, a total of 7.61 million post consolidation units were issued at a price of five cents per unit for gross proceeds of \$380,500. Each unit consists of one common share of the Company and one-half of one common share purchase warrant, with each whole 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 offering. Finder's fee of \$3,000 was paid in relation to the private placement. All securities issued in connection with the first tranche are subject to a four-month hold period that expires on August 19, 2016.

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 current reporting period.

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, 2016	September 30, 2016
Trade	\$ 7,318	\$ 1,530
Accrued	<u>10,000</u>	<u>10,000</u>
Total accounts payable	<u>\$ 17,318</u>	<u>\$ 11,530</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.

RELATED PARTY TRANSACTIONS

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 including David Sidoo (CEO), Nick Demare (CFO), Max Sali (Director). 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.

Outstanding Share Data

The Company has authorized an unlimited number of preferred shares and an unlimited number of voting common shares. As at the date of this document, there are 9,327,806 common shares outstanding, 3,455,000 warrants outstanding exercisable at \$0.10 and 890,000 stock options issued and outstanding exercisable at \$0.20 per share.

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 \$3,949,736 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.