

# **SEAWAY ENERGY SERVICES INC.**

## **MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE SIX MONTHS ENDED MARCH 31, 2017**

This discussion and analysis of financial position and results of operation is prepared as at May 29, 2017 and should be read in conjunction with the unaudited condensed consolidated interim financial statements and the accompanying notes for the six months ended March 31, 2017 of Seaway Energy Services Inc. ("Seaway" or "the Company"). The following disclosure and associated condensed consolidated interim financial statements are presented in accordance with International Financial Reporting Standards ("IFRS"). Except as otherwise disclosed, all dollar figures included therein and in the following management's discussion and analysis ("MD&A") are quoted in Canadian dollars.

### **Forward Looking Statements**

This MD&A contains certain statements that may constitute "forward-looking statements". Forward-looking statements include but are not limited to, statements regarding future anticipated business and financing plans. Although the Company believes that such statements are reasonable, it can give no assurance that such expectations will prove to be correct. Forward-looking statements are typically identified by words such as: "anticipate," "believe," "plan," "estimate," "expect," "intend" and similar expressions to the extent that they relate to the Company or its management or which by their nature refer to future events. The Company cautions investors that any forward-looking statements by the Company are not guarantees of future performance, and that actual results may differ materially from those in forward looking statements as a result of various factors, including the ability to raise the necessary capital or to be fully able to implement its business strategies.

Forward-looking statements are not historical facts, but reflect the Company's current expectations and assumptions regarding future results or events. In particular, fluctuations in the securities markets may cause significant reductions in the price of the Company's securities and render it difficult or impossible for the Company to raise the funds necessary to continue operations.

All of the Company's public disclosure filings, including its most recent management information circular, material change reports, press releases and other information, may be accessed via [www.sedar.com](http://www.sedar.com) and readers are urged to review these materials.

### **Company Overview**

The Company is a reporting issuer in British Columbia and Alberta and trades on the TSX Venture Exchange ("TSXV") under the symbol "SEW". The Company's principal office is located at #1305 - 1090 West Georgia Street, Vancouver, British Columbia.

The Company currently does not have any active operations and management is currently seeking new business opportunities and financing. The Company's continuing operations, as intended, are dependent upon its ability to identify, evaluate and negotiate an acquisition of or participation in an interest in properties, assets or businesses. There can be no assurance that the Company will be able to complete such activities or obtain financing to continue; therefore, a material uncertainty exists that casts significant doubt over the Company's ability to continue as a going concern.

## Selected Financial Data

The following selected financial information is derived from the unaudited condensed interim consolidated financial statements of the Company.

	Fiscal 2017		Fiscal 2016				Fiscal 2015	
	Mar. 31 2017 \$	Dec. 31 2016 \$	Sept. 30 2016 \$	Jun. 30 2016 \$	Mar. 31 2016 \$	Dec. 31 2015 \$	Sept. 30 2015 \$	Jun. 30 2015 \$
<b>Operations:</b>								
Revenues	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Net (loss) income and comprehensive loss	(27,523)	(187,618)	6,244	(118,639)	(38,565)	(58,487)	(149,104)	(3,650)
(Loss) income per share -basic and diluted	(0.00)	(0.02)	0.00	(0.09)	(0.01)	(0.01)	(0.04)	(0.00)
<b>Balance Sheet:</b>								
Working capital (deficit)	86,126	13,648	25,734	19,490	(239,371)	(200,806)	(142,319)	(107,215)
Total assets	114,211	30,966	37,264	83,343	24,983	15,691	11,767	119,621

## Results of Operations

### *Three Months Ended March 31, 2017 Compared to Three Months Ended December 31, 2016*

Activities during the three months ended March 31, 2017 (“Q2”) and the prior three months ended December 31, 2016 (“Q1”) were limited. During Q2 the Company reported a net loss of \$27,523 compared to a net loss of \$187,618 for Q1, a decrease in loss of \$160,095. The decrease is mainly attributed to the recognition of share based compensation of \$140,533 in Q1 on the granting of share options.

### *Six Months Ended March 31, 2017 Compared to Six Months Ended March 31, 2016*

During the six months ended March 31, 2017 (the “2017 period”) the Company reported a net loss of \$215,141 compared to a net loss of \$97,052 for the six months ended March 31, 2016 (the “2016 period”), an increase in loss of \$118,089. Specific general and administrative expenses of variance are noted below:

- (i) during the 2017 period the Company recognized share based compensation of \$140,533 on the granting of 890,000 share options. During the 2016 period no share options were granted; and
- (ii) professional fees during the 2017 period decreased by \$62,220, from \$70,000 during the 2016 period to \$7,780 during the 2017 period. During the 2016 period the Company paid fees to consultants for their assistance in seeking new business ventures for the Company.

## Financing Activities

During the 2017 period the Company received \$135,000 from the exercise of warrants to issue 1,350,000 common shares. During the 2016 period the Company issued a promissory note for \$15,000 in order to fund ongoing operations.

## Financial Condition / Capital Resources

At March 31, 2017, the Company has working capital of \$86,126 and expects that it has sufficient financial resources to fund current levels of corporate administration costs for the next twelve months. However, the Company recognizes that it may require additional funding should it actively seek and conduct due diligence on new business opportunities and where acquisitions or participation is warranted. The Company’s operations are funded from equity financings which are dependent upon many external factors and may be difficult to impossible to secure or raise when required. While the Company has been successful in securing financings in the past, there can be no assurance that it will be able to do so in the future.

Subsequent to March 31, 2017 the Company issued 205,000 common shares on the exercise of warrants for proceeds of \$20,500.

### Off-Balance Sheet Arrangements

The Company has no off-balance sheet arrangements.

### Proposed Transactions

The Company has no proposed transactions.

### Changes in Accounting Principles

There are no changes in accounting policies.

### Related Party Disclosures

A number of key management personnel or their related parties hold positions in other entities that result in them having control or significant influence over the financial or operation policies of those entities. Certain of these entities transacted with the Company during the reporting period.

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consists of members of the Company's Board of Directors and executive officers.

(a) During the 2017 and 2016 periods the following amounts were incurred:

	2017 \$	2016 \$
David Sidoo, President and CEO - fees	30,000	-
Nick DeMare, CFO - fees	12,000	-
Max Sali, director - fees	5,000	-
David Sidoo - share-based compensation	69,476	-
Nick DeMare - share-based compensation	19,738	-
Max Sali - share-based compensation	7,895	-
Peter Espig, director - share-based compensation	7,895	-
Kyle Stevenson, former CEO - fees	-	15,000
	<u>152,004</u>	<u>15,000</u>

As at March 31, 2017, \$15,050 (September 30, 2016 - \$nil) remained unpaid.

- (b) The Company's CFO, Mr. DeMare, was appointed on October 17, 2016. Since the appointment \$2,200 was incurred for accounting and administration services provided by Chase Management Ltd. a private company owned by Mr. DeMare. As at March 31, 2017, \$1,050 remained unpaid.
- (c) During the 2017 period the Company incurred \$5,500 for accounting and administration services provided by Midland Management Ltd., a private company owned by Ryan Cheung, a former CFO of the Company.
- (d) During the 2017 period the Company incurred \$1,986 for legal services provided by Mr. Brendan Purdy, a former CEO of the Company.
- (e) During the 2016 period the Company incurred \$11,153 for accounting and administration services provided by MJ Holub Financial Consulting, a private company owned by Mr. Michael Holub, a former CFO of the Company.

All the 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's authorized share capital is unlimited common shares without par value and unlimited preferred shares without par value. As at May 29, 2017, there were 10,327,583 outstanding common shares, 2,310,000 warrants outstanding with an exercise price of \$0.10 per share and 890,000 share options outstanding with an exercise price of \$0.20 per share.