SEAWAY ENERGY SERVICES INC.

CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED
DECEMBER 31, 2017

(Unaudited - Expressed in Canadian Dollars)

NOTICE OF NO AUDITOR REVIEW OF
CONDENSED INTERIM FINANCIAL STATEMENTS

In accordance with National Instrument 51-102 Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of these condensed interim financial statements they must be accompanied by a notice indicating that the condensed interim financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim financial statements of the Company have been prepared by and are the responsibility of the Company's management.

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

SEAWAY ENERGY SERVICES INC.
CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION
(Unaudited - Expressed in Canadian Dollars)

	Notes	December 31, 2017 $	September 30, 2017 $
ASSETS			
Current assets			
Cash		2,898,884	63,618
GST receivable		14,103	27,321
Prepaid expense		3,000	1,300
TOTAL ASSETS		2,915,987	92,239
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	4	58,249	62,710
TOTAL LIABILITIES		58,249	62,710
SHAREHOLDERS' EQUITY			
Share capital	3	6,481,056	3,418,306
Share-based payments reserve	3	947,579	665,579
Deficit		(4,570,897)	(4,054,356)
TOTAL SHAREHOLDERS' EQUITY		2,857,738	29,529
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		2,915,987	92,239

Nature of Operations - see Note 1

Event after the Reporting Period - see Note 6

These condensed interim financial statements were approved for issue by the Board of Directors on February 27, 2018 and are signed on its behalf by:

/s/ ***David Sidoo***
David Sidoo
Director

/s/ ***Nick DeMare***
Nick DeMare
Director

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

SEAWAY ENERGY SERVICES INC.
CONDENSED INTERIM STATEMENTS OF COMPREHENSIVE LOSS
(Unaudited - Expressed in Canadian Dollars)

	Note	Three Months Ended December 31, 2017 $	2016 $
Expenses			
Accounting and administrative	4	10,800	5,500
Executive management compensation	4	152,750	28,000
Legal		-	1,986
Office		2,197	600
Professional fees		-	7,780
Public relations		42,855	-
Regulatory fees		1,300	600
Rent		1,756	-
Share-based compensation	3(d)	282,000	140,532
Shareholder costs		-	1,201
Transfer agent		1,175	1,419
Travel and related		24,559	-
		519,392	187,618
Loss before other items		(519,392)	(187,618)
Other items			
Interest income		3,712	-
Foreign exchange		(861)	-
		2,851	-
Comprehensive loss for the period		(516,541)	(187,618)
Loss per share - basic and diluted		$(0.04)	$(0.02)
Weighted average number of common shares outstanding - basic and diluted		14,725,039	9,327,583

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

SEAWAY ENERGY SERVICES INC.
CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY
(Unaudited - Expressed in Canadian Dollars)

	Three Months Ended December 31, 2017				
	Share Capital				
	Number of Shares	Amount $	Share-Based Payments Reserve $	Deficit $	Total Equity $
Balance at September 30, 2017	10,532,583	3,418,306	665,579	(4,054,356)	29,529
Common shares issued for cash:					
- private placement	15,000,000	3,000,000	-	-	3,000,000
- exercise of warrants	785,000	78,500	-	-	78,500
Share issue costs	-	(15,750)	-	-	(15,750)
Share-based compensation	-	-	282,000	-	282,000
Comprehensive loss for the period	-	-	-	(516,541)	(516,541)
Balance at December 31, 2017	26,317,583	6,481,056	947,579	(4,570,897)	2,857,738

	Three Months Ended December 31, 2016				
	Share Capital				
	Number of Shares	Amount $	Share-Based Payments Reserve $	Deficit $	Total (Deficit) Equity $
Balance at September 30, 2016	8,977,583	3,262,806	525,046	(3,762,118)	25,734
Common shares issued for cash:					
- exercise of warrants	350,000	35,000	-	-	35,000
Share-based compensation	-		140,532	-	140,532
Comprehensive loss for the period	-	-	-	(187,618)	(187,618)
Balance at December 31, 2016	9,327,583	3,262,806	665,578	3,949,736	13,648

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

SEAWAY ENERGY SERVICES INC.
CONDENSED INTERIM STATEMENTS OF CASH FLOWS
(Unaudited - Expressed in Canadian Dollars)

	Three Months Ended December 31,	
	2017	2016
	$	$
Operating activities		
Comprehensive loss for the period	(516,541)	(187,618)
Adjustment for:		
Share-based compensation	282,000	140,532
Changes in non-cash working capital items:		
GST receivable	13,218	(1,458)
Prepaid expense	(1,700)	-
Accounts payable and accrued liabilities	(4,461)	5,792
Net cash used in operating activities	(227,484)	(42,752)
Financing activities		
Issuance of common shares	3,078,500	35,000
Share issue costs	(15,750)	-
Net cash provided by financing activities	3,062,750	35,000
Net change in cash during the period	2,835,266	(7,752)
Cash at beginning of period	63,618	16,645
Cash at end of period	2,898,884	8,893

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

1. Nature of Operations

Seaway Energy Services Inc. (the "Company") is a corporation continued under the laws of British Columbia. The Company is listed and traded on the TSX Venture Exchange ("TSXV") under the symbol "SEW". The Company's head office is located at #1305 - 1090 West Georgia Street, Vancouver, British Columbia V6E 3V7 Canada.

During the three months ended December 31, 2017 the Company incurred a comprehensive loss of $516,541 and, as at December 31, 2017, had working capital of $2,857,738 and an accumulated deficit of $4,570,897. The Company currently does not have any active operations and management had been seeking new business opportunities. On January 22, 2018 the Company entered into a letter of intent to acquire a business. See also Note 6. Although management considers that the Company has adequate resources to maintain its ongoing levels of operations for the next twelve months, the Company is required to raise $15,000,000 concurrent with closing of the proposed business acquisition. 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.

2. Basis of Preparation

Statement of Compliance

These condensed consolidated interim financial statements have been prepared in accordance with IAS 34, *Interim Financial Reporting* ("IAS 34"), as issued by the International Accounting Standards Board ("IASB"), and its interpretations, using accounting policies consistent with International Financial Reporting Standards ("IFRS"). The condensed consolidated interim financial statements should be read in conjunction with the annual financial statements for the year ended September 30, 2017, which have been prepared in accordance with IFRS as issued by the IASB and interpretations of the IFRS Interpretations Committee ("IFRIC"). The accounting policies followed in these condensed interim financial statements are consistent with those applied in the Company's financial statements for the year ended September 30, 2017.

Basis of Measurement

The Company's condensed interim 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. The condensed interim financial statements are presented in Canadian dollars unless otherwise stated.

Comparative Figures

Certain of the prior period's comparative figures have been reclassified to conform with the current period's presentation.

3. Share Capital

(a) *Authorized Share Capital*

The Company's authorized share capital consists of an unlimited number of common shares without par value and unlimited preferred shares without par value. All issued common shares are fully paid.

(b) *Equity Financing*

During the three months ended December 31, 2017 the Company completed a non-brokered private placement financing of 15,000,000 units at a price of $0.20 per unit for gross proceeds of $3,000,000. Each unit consisted of one common share and one share purchase warrant. Each warrant entitles the holder to purchase an additional common share at a price of $0.40 for a period of two years after closing. Directors and officer of the Company purchased 1,725,000 units of this private placement.

The Company incurred $15,750 filing costs associated with the private placement.

(Unaudited - Expressed in Canadian Dollars)

3. Share Capital (continued)

There were no equity financings conducted by the Company during fiscal 2017.

(c) *Warrants*

A summary of the number of common shares reserved pursuant to the Company's outstanding warrants at December 31, 2017 and 2016 and the changes for the three months ended on those dates, is as follows:

	2017		2016	
	Number	Weighted Average Exercise Price $	Number	Weighted Average Exercise Price $
Balance, beginning of period	2,310,000	0.10	3,865,000	0.10
Issued	15,000,000	0.40	-	-
Exercised	(785,000)	0.10	(350,000)	0.10
Expired	-	-	-	-
Balance, end of period	16,525,000	0.37	3,515,000	0.10

The following table summarizes information about the number of common shares reserved pursuant to the Company's warrants outstanding and exercisable at December 31, 2017:

Number	Exercise Price $	Expiry Date
1,525,000	0.10	April 15, 2018
7,813,000	0.40	December 5, 2019
7,187,000	0.40	December 12, 2019
16,525,000		

(d) *Share Option Plan*

The Company has established a rolling share option plan (the "Plan"), in which the maximum number of common shares which can be reserved for issuance under the Plan is 10% of the issued and outstanding shares of the Company. Pursuant to the 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 TSXV. Options granted may be subject to vesting provisions as determined by the Board of Directors and have a maximum term of five years.

During the three months ended December 31, 2017 the Company granted share options to purchase 360,000 (2016 - 890,000) common shares and recorded compensation expense of $282,000 (2016 - $140,532).

The fair value of share options granted and vested during the three months ended December 31, 2017 and 2016 has been estimated using the Black-Scholes option pricing model using the following assumptions:

	2017	2016
Risk-free interest rate	1.55% - 1.65%	0.66%
Estimated volatility	249% - 256%	111.14%
Expected life	4 years	5 years
Expected dividend yield	0%	0%
Expected forfeiture rate	0%	0%

(Unaudited - Expressed in Canadian Dollars)

3. **Share Capital** (continued)

The weighted average fair value of all share options granted and vested, using the Black-Scholes option pricing model, during the three months ended December 31, 2017 was $0.78 (2016 - $0.16) per option.

Option-pricing models require the use of estimates and assumptions including the expected volatility. Changes in the underlying assumptions can materially affect the fair value estimates and, therefore, existing models do not necessarily provide a reliable measure of the fair value of the Company's share options.

A summary of the Company's share options at December 31, 2017 and 2016 and the changes for the three months ended on those dates, is as follows:

	2017		2016	
	Number of Options Outstanding	Weighted Average Exercise Price $	Number of Options Outstanding	Weighted Average Exercise Price $
Balance, beginning of period	890,000	0.20	93,333	0.405
Granted	360,000	0.79	890,000	0.20
Expired	-	-	(93,333)	0.405
Balance, end of period	1,250,000	0.37	890,000	0.20

The following table summarizes information about the share options outstanding and exercisable at December 31, 2017:

Number	Exercise Price $	Expiry Date
160,000	0.35	October 18, 2021
890,000	0.20	October 20, 2021
100,000	1.14	December 21, 2021
100,000	1.14	December 21, 2021
1,250,000		

(e) See also Note 6.

4. **Related Party Disclosures**

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.

(i) During the three months ended December 31, 2017 and 2016 the following amounts were incurred with respect to current and former key management personnel:

	2017 $	2016 $
Executive management compensation	152,750	28,000
Share-based compensation	282,000	-
	434,750	28,000

As at December 31, 2017, $nil (September 30, 2017 - $56,000) remained unpaid and has been included in accounts payable and accrued liabilities.

(Unaudited - Expressed in Canadian Dollars)

4. Related Party Disclosures (continued)

(ii) During the three months ended December 31, 2017 the Company incurred a total of $10,800 (2016 - $nil) with Chase Management Ltd. ("Chase"), a private corporation owned by the CFO of the Company, for accounting and administrative services provided by Chase personnel, excluding the CFO. As at December 31, 2017, $8,800 (September 30, 2017 - $1,800) remained unpaid and has been included in accounts payable and accrued liabilities.

(iii) During three months ended December 31, 2016 the Company paid $5,500 for accounting and administration services provided by a private company owned by the former CFO of the Company.

(iv) During three months ended December 31, 2016 the Company paid $1,986 for legal services provided by the former CEO of the Company.

5. Financial Instruments and Risk Management

Categories of Financial Assets and Financial Liabilities

Financial instruments are classified into one of the following five categories: FVTPL; held-to-maturity investments; loans and receivables; AFS; and other financial liabilities. The carrying values of the Company's financial instruments are classified into the following categories:

Financial Instrument	Category	December 31, 2017 $	September 30, 2017 $
Cash	FVTPL	2,898,884	63,618
Accounts payable and accrued liabilities	Other financial liabilities	(58,249)	(62,710)

The Company's financial instruments recorded at fair value require disclosure about how the fair value was determined based on significant levels of inputs described in the following hierarchy:

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 value 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 market place.

Level 3 - Valuations in this level are those with inputs for the asset or liability that are not based on observable market data.

The recorded amounts for accounts payable and accrued liabilities approximate their fair value due to their short-term nature. The Company's fair value of cash under the fair value hierarchy are measured using Level 1 inputs.

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

Credit Risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to cash. Management believes that the credit risk concentration with respect to financial instruments included in cash is remote.

(Unaudited - Expressed in Canadian Dollars)

5. Financial Instruments and Risk Management (continued)

Liquidity Risk

Liquidity risk is the risk that the Company will not have the resources to meet its obligations as they fall due. The Company manages this risk by closely monitoring cash forecasts and managing resources to ensure that it will have sufficient liquidity to meet its obligations. All of the Company's financial liabilities are classified as current and are anticipated to mature within the next fiscal period. The following table is based on the contractual maturity dates of financial assets and the earliest date on which the Company can be required to settle financial liabilities.

	Contractual Maturity Analysis at December 31, 2017				
	Less than 3 Months $	3 - 12 Months $	1 - 5 Years $	Over 5 Years $	Total $
Cash	2,898,884	-	-	-	2,898,884
Accounts payable and accrued liabilities	(58,249)	-	-	-	(58,249)

Interest Rate Risk

The Company is exposed to interest rate risk to the extent that the cash bears floating rates of interest. The interest rate risk on cash and on the Company's obligations are not considered significant.

Capital Management

The Company's objective when managing capital is to safeguard its ability to continue as a going concern. The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to identify and evaluate potential business acquisitions and to negotiate acquisitions or participation agreements. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. The Company defines capital that it manages as share capital and cash. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

6. Event after the Reporting Period

On January 22, 2018 the Company entered into a letter of intent (the "LOI") with X2 Blockchain Games Corp. ("X2"), pursuant to which the Company will acquire all of the outstanding shares of X2 in exchange for 98,000,000 common shares of the Company on a 1:1 basis (the "Proposed Transaction").

The LOI sets out certain terms and conditions pursuant to which the Proposed Transaction will be completed. The Proposed Transaction is subject to the parties successfully entering into a definitive business combination agreement in respect of the Proposed Transaction on or before March 15, 2018 or such other date as the parties may mutually agree. The LOI also contemplates other material conditions precedent to the closing of the Proposed Transaction (the "Closing"), including customary due diligence, receipt of all necessary regulatory, corporate and third party approvals, compliance with all applicable regulatory requirements, and all requisite board and shareholder approvals being obtained. The Company is also required to complete a private placement to raise $15,000,000 concurrent with the closing of the Proposed Transaction.

X2 is a British Columbia corporation which owns 100% of X Blockchain Games Corp. ("X Blockchain"), a California USA based corporation. X Blockchain is an independent games publisher focusing on digital games integrating blockchain technology to create enhanced game experiences. X2 Blockchain has acquired the exclusive legal and beneficial ownership of a back catalogue of games and all data and materials, including all intellectual property rights.