

SEAWAY ENERGY SERVICES INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE THREE MONTHS ENDED DECEMBER 31, 2017

This discussion and analysis of financial position and results of operation is prepared as at February 27, 2018 and should be read in conjunction with the unaudited condensed interim financial statements and the accompanying notes for the three months ended December 31, 2017 of Seaway Energy Services Inc. ("Seaway" or "the Company"). The following disclosure and associated 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 and readers are urged to review these materials.

Company Overview

The Company is a corporation continued under the laws of British Columbia. 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 had been actively seeking new business opportunities and financing. On January 22, 2018 the Company negotiated and entered into a letter of intent to acquire X2 Blockchain Games Corp. ("X2"). See "Proposed Business Acquisition and Financing".

In December 2017 the Company completed a private placement financing to raise \$3,000,000.

The Company's continuing operations, as intended, are dependent upon its ability to identify, evaluate, negotiate and complete 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.

Proposed Business Acquisition and Financing

On January 22, 2018 the Company entered into a letter of intent (the "LOI") with X2 pursuant to which the Company will acquire all of the outstanding shares of X2 (the "Proposed Transaction"). The Proposed Transaction is expected to constitute a change of business and be structured as a reverse takeover. The shareholders of X2 will receive an aggregate of 98,000,000 common shares of the Company.

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 (the “Definitive 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.

Certain of the Company’s common shares issuable pursuant to the Proposed Transaction may be subject to escrow requirements pursuant to applicable regulatory policy and hold periods as required by applicable securities laws.

Pursuant to the terms of the LOI, the Company is also required to complete a private placement financing of \$15,000,000 (the “Concurrent Financing”) concurrent with the closing of the Proposed Transaction. The Concurrent Financing will be completed on a non-brokered basis, and the Company may pay finder’s fees in accordance with applicable securities laws and exchange policies to eligible finders. Completion of the Concurrent Financing is subject to receipt of exchange approval and other requisite approvals. All securities issued in connection with the Concurrent Financing will be subject to hold periods under applicable Canadian and United States securities laws for a minimum of four months and a day.

Business of X2

X2 is a British Columbia corporation, which holds 100% of X Blockchain Games Corp. (“X Blockchain Games”), a California corporation. X Blockchain Games is an independent games publisher focused on blockchain technology, and is based in Silicon Beach, Santa Monica, California, the hub of video games and eSports.

X Blockchain Games is an independent games publisher for cutting edge games that integrate blockchain technology and Cryptocurrency into the user’s game experience. The company was founded by Nolan Bushnell, considered a founding father of the video game industry, best known for founding Atari and Chuck E. Cheese’s Pizza Time Theatre.

X Blockchain Games owns the historical back catalogue of Nolan Bushnell’s games, which includes 40 unpublished games, created over four decades, following the sale of Atari in 1977 to Warner. In addition to developing and publishing this exclusive back catalogue of games, the company is also looking to acquire a number of independent titles and game studios to ensure a continued stream of new titles for the world to enjoy and play.

X Blockchain Games has the technology and expertise to integrate blockchain technology into its digital games. Leveraging this secure distributed ledger technology, games are being developed to create bigger, better and more valuable gaming experiences by seamlessly integrating the digital and physical realms and creating value opportunities for players wherever they are

Games development for X Blockchain Games is based in Silicon Beach, Santa Monica, California, with game design and art direction based under the oversight of Zai Ortiz. Mr. Ortiz is a legendary Hollywood 3D visionary most famous for the animation design of the J.A.R.V.I.S. system holograms in Marvel’s Iron Man, TRON Legacy, Mission Impossible and many more Hollywood blockbusters.

Board of Directors and Officers

As of the date of this MD&A the directors and officers are as follows:

David Sidoo	- President, CEO, director
Nick DeMare	- CFO, Corporate Secretary, director
Dylan Sidoo	- director
Peter Espig	- director
John McCoach	- director
Amrik Virk	- director

Selected Financial Data

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

	Fiscal 2018	Fiscal 2017				Fiscal 2016		
	Dec. 31 2017 \$	Sept. 30 2017 \$	Jun. 30 2017 \$	Mar. 31 2017 \$	Dec. 31 2016 \$	Sept. 30 2016 \$	Jun. 30 2016 \$	Mar. 31 2016 \$
Operations:								
Revenues	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Expense	(519,392)	(49,492)	(28,110)	(27,523)	(187,618)	(31,594)	(118,639)	(38,565)
Other items	2,851	505	-	-	-	37,838	-	-
Comprehensive (loss) income	(516,541)	(48,987)	(28,110)	(27,523)	(187,618)	6,244	(118,639)	(38,565)
(Loss) income per share -basic and diluted	(0.04)	(0.01)	(0.00)	(0.00)	(0.02)	0.00	(0.09)	(0.01)
Balance Sheet:								
Working capital (deficit)	2,857,738	29,529	78,516	86,126	13,648	25,734	19,490	(239,371)
Total assets	2,915,987	92,239	127,752	114,211	30,966	37,264	83,343	24,983

Results of Operations

Three Months Ended December 31, 2017 Compared to Three Months Ended September 30, 2017

During the three months ended December 31, 2017 (“Q1/2018”) the Company reported a net loss of \$516,541 compared to a net loss of \$48,987 during the three months ended September 30, 2017 (“Q4/2017”), an increase in loss of \$467,554, primarily due to:

- (i) the recognition of share-based compensation of \$282,000 in Q1/2018. No stock options were granted during Q4/2017; and
- (ii) during Q1/2018 the Company paid a total of \$152,750 to certain of its directors compared to \$28,000 during Q4/2017 to reflect additional services provided.

Three Months Ended December 31, 2017 Compared to Three Months Ended December 31, 2016

During the three months ended December 31, 2017 (the “2017 period”) the Company reported a net loss of \$516,541 compared to a net loss of \$187,618 for the three months ended December 31, 2016 (the “2016 period”), an increase in loss of \$328,923. Specific general and administrative expenses of variance are noted below:

- (i) during the 2017 period the Company recognized share based compensation of \$282,000 (2016 - \$140,532) on the granting of 360,000 (2016 - 890,000) share options. The calculations of the fair value of share options were estimated using the Black-Scholes option pricing model;
- (ii) during the 2017 period the Company engaged a public relations firm to provide corporate updates on the Company’s proposed acquisition of X2. A total of \$42,855 was paid;
- (iii) executive management compensation during the 2017 period increased by \$124,750, from \$28,000 during the 2016 period to \$152,750 during the 2017 period. See also “Related Party Disclosures”; and
- (iv) during the 2017 period the Company incurred travel expenses of \$24,559 to attend various meetings on the proposed business acquisition.

Financing Activities

During the 2017 period 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. The proceeds from this financing were used by the Company to explore opportunities for acquisition in the technology sector and specifically the emerging sector related to distributed ledger technology. A further \$78,500 was received from the exercise of warrants to issue 785,000 common shares.

During the 2016 period the Company received \$35,000 from the exercise of warrants to issue 350,000 common shares. No equity financings were conducted during the 2016 period.

Financial Condition / Capital Resources

At December 31, 2017, the Company had working capital of \$2,857,738 and, during the three months ended December 31, 2017 the Company incurred a loss of \$516,541. Pursuant to the terms of the proposed acquisition of X2 the Company is required to raise \$15,000,000. See also “Proposed Business Acquisition and Financing”. The Company’s operations have been 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.

Off-Balance Sheet Arrangements

The Company has no off-balance sheet arrangements.

Proposed Transactions

See “Proposed Business Acquisition and Financing”. The Company has no other 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 with respect to current and former key management personnel.

Executive management compensation and fees was incurred as follows:

	2017 \$	2016 \$
David Sidoo, President, CEO and director ⁽¹⁾	95,000	15,000
Nick DeMare, CFO and director ⁽²⁾	12,000	8,000
Dylan Sidoo, director ⁽³⁾	40,000	-
Peter Espig, director ⁽⁴⁾	5,000	-
John McCoach ⁽⁵⁾	750	-
Amrik Virk ⁽⁶⁾	-	-
Max Sali, former director ⁽⁷⁾	-	5,000
	<u>152,750</u>	<u>28,000</u>

(1) Paid to Siden Investments Ltd., a private company owned by Mr. Sidoo. Mr. Sidoo was appointed October 17, 2016.

(2) Paid to Chase Management Ltd., a private company owned by Mr. DeMare. Mr. DeMare was appointed October 17, 2016.

(3) Mr. Dylan Sidoo was appointed as a director on December 20, 2016.

(4) Mr. Espig was appointed as a director on October 17, 2016.

(5) Mr. McCoach was appointed as a director on December 18, 2017.

(6) Mr. Virk was appointed as a director on December 27, 2017.

(7) Mr. Sali resigned as a director on November 27, 2017.

As at December 31, 2017, \$nil (September 30, 2017 - \$56,000) remained unpaid.

Share based compensation was recorded as follows:

	2017 \$	2016 \$
David Sidoo, President,CEO and director	-	69,476
Nick DeMare, CFO and director	-	19,738
Dylan Sidoo, director	56,000	-
Peter Espig, director	-	7,895
John McCoach, director	113,000	-
Amrik Virk, director	113,000	-
Max Sali, former director	-	7,895
	<u>282,000</u>	<u>105,004</u>

- (b) During the 2017 period the Company incurred \$10,800 (2016 - \$nil) to Chase Management Ltd. (“Chase”), a private corporation owned by Mr. DeMare, for accounting and administrative services provided by Chase personnel, excluding Mr. DeMare. As at December 31, 2017, \$8,800 (September 30, 2017 - \$1,800) remained unpaid.
- (c) During the 2016 period the Company paid \$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 2016 period the Company paid \$1,986 for legal services provided by BP Law, a private company owned by Mr. Brendan Purdy, a former CEO 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 February 27, 2018, there were 26,317,583 outstanding common shares, 16,525,000 warrants outstanding with an exercise prices ranging from \$0.10 to \$0.40 per share and 1,250,000 share options outstanding with exercise prices ranging from \$0.20 to \$1.14 per share.