SEAWAY ENERGY SERVICES INC.

CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED
DECEMBER 31, 2018

(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, 2018		September 30, 2018
ASSETS					
Current assets					
Cash		$	2,094,693	$	2,247,370
GST receivables			31,226		25,475
Prepaid expenses			16,640		3,925
TOTAL ASSETS		$	2,142,559	$	2,276,770
LIABILITIES					
Current liabilities					
Accounts payable and accrued liabilities	7	$	62,951	$	124,203
TOTAL LIABILITIES			62,951		124,203
SHAREHOLDERS' EQUITY					
Share capital	6		6,633,556		6,633,556
Share-based payment reserve	6		947,579		947,579
Deficit			(5,501,527)		(5,428,568)
TOTAL SHAREHOLDERS' EQUITY			2,079,608		2,152,567
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		$	2,142,559	$	2,276,770

Nature of Operations - see Note 1
Subsqent Event- see Note 9

These condensed interim financial statements were approved for issue by the Board of Directors on February 25, 2019 and are signed on its behalf by:

/s/ *David Sidoo*
David Sidoo
Director

/s/ *Leon Ho*
Leon Ho
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)

	Notes	Three Months Ended December 31, 2018	2017
Expenses			
Accounting and administrative	7	$ 12,445	$ 10,800
Executive management compensation	7	36,750	152,750
Office	7	11,236	2,197
Professional fees		5,000	-
Public relations		-	42,855
Regulatory fees (recovery)		(6,172)	1,300
Rent	7	9,000	1,756
Share-based compensation	7	-	282,000
Shareholder costs		1,194	-
Transfer agent		-	1,175
Travel and related		15,152	24,559
Loss before other items		(84,605)	(519,392)
Other items			
Interest income		12,193	3,712
Foreign exchange		(547)	(861)
		11,646	2,851
Net and comprehensive loss for the period		$ (72,959)	$ (516,541)
Loss per share - basic and diluted		$ (0.00)	$ (0.04)
Weighted average number of common shares outstanding - basic and diluted		27,842,583	14,725,039

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, 2018				
	Share Capital				
	Number of shares	Amount	Share-based payment reserve	Deficit	Total equity
Balance at September 30, 2018	27,842,583	$ 6,633,556	$ 947,579	$ (5,428,568)	$ 2,152,567
Loss for the period	-	-	-	(72,959)	(72,959)
Balance at December 31, 2018	27,842,583	$ 6,633,556	$ 947,579	$ (5,501,527)	$ 2,079,608

	Three Months Ended December 31, 2017				
	Share Capital				
	Number of shares	Amount	Share-based payment 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:					
Private placement	15,000,000	3,000,000	-	-	3,000,000
Warrants exercised	785,000	78,500	-	-	78,500
Share issue costs	-	(15,750)	-	-	(15,750)
Share-based compensation	-	-	282,000	-	282,000
Net 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

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)
FOR THE THREE MONTHS ENDED DECEMBER 31,

	2018	2017
Cash flows from operating activities		
Net loss for the period	$ (72,959)	$ (516,541)
Adjustment for:		
Share-based compensation	-	282,000
Change in non-cash operating working capital:		
GST receivable	(5,751)	13,218
Prepaid expenses	(12,715)	(1,700)
Accounts payable and accrued liabilities	(61,252)	(4,461)
Net cash used in operating activities	(152,677)	(227,484)
Cash flows from financing activities		
Private placement	-	3,078,500
Share issuance costs	-	(15,750)
Net cash provided by financing activities	-	3,062,750
Change in cash during the period	(152,677)	2,835,266
Cash, beginning of period	2,247,370	63,618
Cash, end of period	$ 2,094,693	$ 2,898,884
Supplemental cash flow information		
Interest paid	$ -	$ -
Interest received	$ -	$ -
Income taxes paid	$ -	$ -
Income taxes recovered	$ -	$ -

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 #789 - 999 West Hasting Street, Vancouver, British Columbia V6C 2W2 Canada.

During the period ended December 31, 2018 the Company incurred a net and comprehensive loss of $72,959 (2017 - $516,541) and as at December 31, 2018, had working capital of $2,079,608 (September 30, 2018 - $2,152,567) and an accumulated deficit of $5,501,527 (September 30, 2018 - $5,428,568). The Company has been actively seeking new business opportunities. On January 22, 2018 the Company entered into an agreement to acquire a business. Also see Note 4. Although management considers that the Company has adequate resources to maintain its ongoing levels of operations for the next twelve months, the Company does not have an ongoing revenue stream. 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.

These condensed interim 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 condensed interim financial statements, then adjustments would be necessary in the carrying value of assets, liabilities, the reported expenses, and the classifications used in the statement of financial position. Such adjustments could be material.

2. Basis of Preparation

Statement of Compliance

These condensed 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 interim financial statements should be read in conjunction with the annual financial statements for the year ended September 30, 2018, 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, 2018.

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 financial statements are prepared on an accrual basis except for the statement of cash flows. 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. Significant Accounting Policies

Critical Judgments and Sources of Estimation Uncertainty

The preparation of these condensed interim financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. These condensed interim financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical Judgments

The following are critical judgments that management has made in the process of applying accounting policies and that have the most significant effect on the amounts recognized in the financial statements:

(i) The determination of categories of financial assets and financial liabilities has been identified as an accounting policy which involves judgments or assessments made by management.

(ii) The assessment of the probability of future taxable income in which deferred tax assets can be utilized is based on the Company's estimate of future profits or losses adjusted for significant non-taxable income and expenses and specific limits to the use of any unused tax loss or credit. The tax rules in the jurisdictions in which the Company operates are also carefully taken into consideration. If a positive forecast of taxable income indicates the probable use of a deferred tax asset, especially when it can be utilized without a time limit, that deferred tax asset is usually recognized to the extent of the amount expected to be utilized. The recognition of deferred tax assets that are subject to certain legal or economic limits or uncertainties is assessed individually by management based on the specific facts and circumstances. Details of these can be found in Note 11.

Estimation Uncertainty

The following are key assumptions concerning the future and other key sources of estimation uncertainty that have a significant risk of resulting in a material adjustment to the carrying amount of assets and liabilities within the next financial year:

(i) Provisions for income taxes are made using the best estimate of the amount expected to be paid based on a qualitative assessment of all relevant factors. The Company reviews the adequacy of these provisions at the end of the reporting period. However, it is possible that at some future date an additional liability could result from audits by taxing authorities. Where the final outcome of these tax-related matters is different from the amounts that were originally recorded, such differences will affect the tax provisions in the period in which such determination is made.

Cash

Cash includes cash on hand and funds held with a major financial institution.

Receivables

GST receivables are recognized initially at fair value and are subsequently measured at the carrying value. GST receivables are adjusted at the time when objective evidence is available to establish that the Company will not be able to collect all amounts due.

3. Significant Accounting Policies (continued)

Accounts Payable and Accrued Liabilities

Payables are obligations to pay for materials or services that have been acquired in the ordinary course of business from suppliers. Payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Financial Instruments

All financial assets are initially recorded at fair value and designated upon inception into one of the following four categories: held to maturity, available-for-sale ("AFS"), loans and receivables or at fair value through profit or loss ("FVTPL").

Financial assets classified as FVTPL are measured at fair value with unrealized gains and losses recognized through profit and loss. Cash is classified as FVTPL.

Financial assets classified as loans and receivables and held to maturity are measured at amortized cost. As at December 31, 2018, the Company has not classified any financial assets as loans and receivables.

Financial assets classified as available-for-sale are measured at fair value with unrealized gains and losses recognized in other comprehensive income (loss) except for losses in value that are considered other than temporary. As at December 31, 2018, the Company has not classified any financial assets as available-for-sale.

All financial liabilities are initially recorded at fair value and designated upon inception as FVTPL or other financial liabilities.

Financial liabilities classified as other financial liabilities are measured at amortized cost. Accounts payable and accrued liabilities are classified as other financial liabilities.

Financial liabilities classified as FVTPL are measured at fair value with unrealized gains and losses recognized through profit or loss. At December 31, 2018, the Company has not classified any financial liabilities as fair value through profit or loss.

Transaction costs associated with financial instruments at FVTPL are expensed as incurred, while transaction costs associated with all other financial instruments are included in the initial carrying amount of the instrument.

Share Capital

Common shares issued by the Company are classified as equity. Costs directly attributable to the issue of common shares, share purchase warrants and share options are recognized as a deduction from equity, net of any related income tax effects.

Equity Financing

The Company engages in equity financing transactions to obtain the funds necessary to continue operations and explore and evaluate business opportunities. These equity financing transactions may involve issuance of common shares or units. Units typically comprise a certain number of common shares and share purchase warrants. Depending on the terms and conditions of each equity financing transaction, the warrants are exercisable into additional common shares at a price prior to expiry as stipulated by the terms of the transaction. The Company has adopted the residual value method with respect to the measurement of common shares and share purchase warrants issued as private placement units. The fair value of the common shares issued in private placements is determined by the closing quoted bid price on the closing date. The balance, if any, is allocated to the attached share purchase warrants.

3. Significant Accounting Policies (continued)

Share-Based Payment Transactions

The share option plan allows Company employees and consultants to acquire shares of the Company. The fair value of share options granted is recognized as a share-based compensation expense with a corresponding increase in the equity settled share-based payments reserve in equity. An individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee.

For employees the fair value is measured at grant date and each tranche is recognized on a straight line basis over the period during which the share options vest. The fair value of the share options granted is measured using the Black-Scholes option pricing model taking into account the terms and conditions upon which the share options were granted.

At the end of each reporting period, the amount recognized as an expense is adjusted to reflect the actual number of share options that are expected to vest.

Equity-settled share-based payment transactions with non-employees are measured at the fair value of the goods or services received. However, if the fair value cannot be estimated reliably, the share-based payment transaction is measured at the fair value of the equity instruments granted at the date the Company receives the goods or the services.

Taxation

Income tax expense comprises current and deferred income tax. Income tax is recognized in the statement of comprehensive profit and loss, except to the extent that it relates to items recognized in other comprehensive income (loss) or directly in equity. In those cases the corresponding income tax is also recognized in other comprehensive income (loss) or directly in equity, respectively.

Current Income Tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantially enacted at the statement of financial position date. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred Income Tax

Deferred income tax is recognized, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the statement of financial position date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

Deferred income tax is provided on temporary differences. Deferred income tax assets and liabilities are offset when here is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

3. Significant Accounting Policies (continued)

Earning (Loss) per Share

Basic earnings (loss) per share is calculated on the weighted average number of common shares outstanding during the reporting period. Diluted earnings per share is computed similar to basic earnings (loss) per share, except that the weighted average number of shares outstanding is increased to include additional shares from the assumed exercise of stock options and warrants, if dilutive. The number of additional shares is calculated by assuming that outstanding stock options and warrants were exercised and the proceeds from such exercises were used to acquire shares of common stock at the average market price during the reporting period. Diluted loss per share presented is the same as basic loss per share, as the effect of outstanding options and warrants in the diluted loss per common share calculation would be anti-dilutive.

Currency

The functional currency of the Company is Canadian dollars and these financial statements are presented in Canadian dollars. Transactions of the Company that are denominated in foreign currencies are recorded in Canadian dollars at exchange rates in effect at the related transaction date. Monetary assets and liabilities denominated in foreign currencies are adjusted to reflect exchange rates at the statement of financial position date. Exchange gains or losses, if any, arising from the translation of foreign currency denominated monetary assets and liabilities are included in operations.

New Standards and Interpretations Not Yet Adopted

<u>IFRS 16 Leases</u>

This new standard sets out the principles for the recognition, measurement, presentation and disclosure of leases for both the lessee and the lessor. The new standard introduces a single lessee accounting model that requires the recognition of all assets and liabilities arising from a lease.

The main features of the new standard are as follows:

- An entity identifies as a lease a contract that conveys the right to control the use of an identified asset for a period of time in exchange for consideration.
- A lessee recognizes an asset representing the right to use the leased asset, and a liability for its obligation to make lease payments. Exceptions are permitted for short-term leases and leases of low-value assets.
- A lease asset is initially measured at cost and is then depreciated similarly to property and equipment. A lease liability is initially measured at the present value of the unpaid lease payments.
- A lessee presents interest expense on a lease liability separately from depreciation of a lease asset in the statement of profit or loss and other comprehensive income.
- A lessor continues to classify its leases as operating leases or finance leases, and to account for them accordingly.
- A lessor provides enhanced disclosures about its risk exposure, particularly exposure to residual-value risk.

The new standard supersedes the requirements in IAS 17 Leases, IFRIC 4 Determining Whether an Arrangement Contains a Lease, SIC-15 Operating Leases – Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease.

The new standard is effective for annual periods beginning on or after January 1, 2019. The Company is currently assessing the impact of the standard and expects little impact to the financial statements.

4. Proposed Business Acquisition and Financing

On January 22, 2018 the Company entered into a letter of intent, superseded by the share exchange agreement dated April 13, 2018 (the "Acquisition Agreement"), with X2 Blockchain Games Corp. ("X2"), Nolan Bushnell and the shareholders of X2, pursuant to which the Company would acquire all of the outstanding shares of X2 in exchange for 81,915,074 common shares of the Company on a 1:1 basis (the "Acquisition").

The Acquisition Agreement set out certain terms and conditions pursuant to which the Acquisition would be completed. The Acquisition Agreement also contemplated other material conditions precedent to the closing of the Acquisition (the "Acquisition 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 was required to complete a private placement to raise up to $16,000,000 concurrent with the closing of the Acquisition.

The Company had agreed to pay a finder's fee comprising $500,000 cash and issuance of 4,095,753 common shares of the Company.

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.

As at September 30, 2018 the Company incurred $59,995 for legal and other costs associated with the proposed Acquisition.

During the year ended September 30, 2018, the Company and X2 formally terminated the Acquisition Agreement. As a result, X2 repaid the Company $252,339 as payment of principal and accrued interest on a loan agreement whereby the Company agreed to provide X2 with a bridge loan (the "Bridge Loan") (Note 5) of up to $500,000 (the "Bridge Loan") and an additional $47,661 for legal expenditures incurred by the Company on account of the Acquisition.

5. Bridge Loan

On March 7, 2018 the Company and X2 entered into a loan agreement whereby the Company agreed to provide X2 with a bridge loan (the "Bridge Loan") of up to $500,000. The Company made an initial advance of $250,000. Advances under the Bridge Loan bear interest at bank prime rate, payable monthly, and mature on March 7, 2019. The Bridge Loan is secured by a general security agreement over the assets of X2. The interest rate for the year ended September 30, 2018 was 3.45%. During the year ended September 30, 2018, the Bridge Loan was fully repaid (Note 3).

(Unaudited - Expressed in Canadian Dollars)

6. 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 period ended December 31, 2018, there were no equity financings conducted by the Company.

During the year ended September 30, 2018 the Company:

i) 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 of the Company purchased 1,725,000 units of this private placement. The Company paid $15,750 filing costs associated with the private placement.

ii) issued 2,310,000 common shares upon exercise of warrants for gross proceeds of $231,000.

(c) *Warrants*

A summary of the number of common shares reserved pursuant to the Company's outstanding warrants at December 31, 2018 and year ended September 30, 2018 and the changes for the period ended on those dates, is as follows:

	Three Months Ended December 31, 2018		Year Ended September 30, 2018	
	Number of Warrants Outstanding	Weighted Average Exercise Price	Number of Warrants Outstanding	Weighted Average Exercise Price
Balance, beginning of period	15,000,000	$0.40	2,310,000	$0.10
Issued	-	-	15,000,000	0.40
Exercised	-	-	(2,310,000)	0.10
Balance, end of period	15,000,000	$0.40	15,000,000	$0.40

(Unaudited - Expressed in Canadian Dollars)

6. Share Capital (continued)

(c) *Warrants* (continued)

The following table summarizes information about the number of common shares reserved pursuant to the Company's warrants outstanding and exercisable at December 31, 2018:

Number	Exercise Price	Expiry Date
7,813,000	$0.40	December 5, 2019
7,187,000	$0.40	December 12, 2019
15,000,000		

(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 ten years.

During the period ended December 31, 2018 the Company granted share options to purchase Nil (2017 – 360,000) common shares and recorded compensation expense of $Nil (2017 - $282,000).

	Period Ended December 31, 2018	Period Ended December 31, 2017
Risk-free interest rate	-	1.55% - 1.65%
Estimated annual volatility	-	249% - 256%
Expected life	-	4 years
Expected dividend yield	-	0%
Expected forfeiture rate	-	0%

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, 2018 was $0.78 (2017 - $0.78) per option.

Option-pricing models require the use of estimates and assumptions including the expected annual 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, 2018 and year ended September 30, 2018 and the changes for the period ended, is as follows:

	Three Months Ended December 31, 2018		Year Ended September 30, 2018	
	Number of Options Outstanding	Weighted Average Exercise Price	Number of Options Outstanding	Weighted Average Exercise Price
Balance, beginning of period	1,250,000	$0.37	890,000	$0.20
Granted	-	-	360,000	0.79
Expired	-	-	-	-
Balance, end of period	1,250,000	$0.37	1,250,000	$0.37

(Unaudited - Expressed in Canadian Dollars)

6. Share Capital (continued)

(d) *Share Option Plan* (continued)

The following table summarizes information about the share options outstanding and exercisable at December 31, 2018:

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 27, 2021
1,250,000		

7. Related Party Transactions

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 period ended December 31, 2018 and 2017 the following amounts were incurred with respect to current and former key management personnel:

	2018	2017
Accounting and administrative	$ 24,500	$ -
Executive management compensation	36,750	152,750
Office	10,206	-
Rent	9,000	-
Share-based compensation	-	282,000
	$ 80,456	$ 434,750

As at December 31, 2018, $20,982 (2017 - $Nil) remained unpaid and has been included in accounts payable and accrued liabilities.

(ii) During the period ended December 31, 2018 the Company incurred a total of $Nil (2017 - $10,800) with Chase Management Ltd. ("Chase"), a private corporation owned by the former CFO of the Company, for accounting and administrative services provided by Chase personnel, excluding the CFO.

(iii) During the period ended December 31, 2018 the Company paid or accrued a total of $43,706 (2017 - $Nil) for accounting and administrative services, including office expenditures and rent, to a company owned by a Director of the Company.

8. Financial Instruments and Risk Management

Categories of Financial Assets and Financial Liabilities

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. Cash is classified as FVTPL and is held at its market value based on Level 1 of the fair value hierarchy.

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 fulfil 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 as it is primarily held at a reputable financial institution.

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, 2018				
	Less than 3 Months	**3 - 12 Months**	**1 - 5 Years**	**Over 5 Years**	**Total**
Cash	$ 2,094,693	$ -	$ -	$ -	$ 2,094,693
Accounts payable and accrued liabilities	(62,951)	-	-	-	(62,951)

Interest Rate Risk

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

8. Financial Instruments and Risk Management (continued)

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 net equity. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

9. Subsequent Event

Subsequent to December 31, 2018 , the Company entered into a letter of intent dated February 14, 2019 (the "LOI") with Sweet Earth Holdings Corporation ("Sweet Earth"), pursuant to which the Company will acquire all of the issued and outstanding shares of Sweet Earth pursuant to a reverse-takeover transaction (the "RTO").

Under the terms of the LOI, the Company will acquire from the shareholders of Sweet Earth all of the common shares of Sweet Earth which are issued and outstanding as of the date of closing and the Company will apply to voluntarily delist from the TSXV and apply for a listing on the CSE.

As of February 25, 2019, Seaway had 27,842,583 common shares (the "Seaway Shares"), 15,000,000 share purchase warrants exercisable at $0.40 per share, and 1,250,000 stock options outstanding. In connection with the completion of the proposed RTO transaction, Seaway will consolidate its issued and outstanding Seaway Shares on the basis of one new Seaway Share for each 2.5 Seaway Shares outstanding resulting in 11,137,033 Seaway Shares (the "Post-Consolidation Shares").

The RTO is expected to be completed by way of a share exchange (or such other form of transaction determined by the legal and tax advisors to each of Seaway and Sweet Earth, acting reasonably) pursuant to which the shareholders of Sweet Earth (the "Sweet Earth Shareholders") will exchange all of their common shares of Sweet Earth (the "Sweet Earth Shares") for 56,510,736 Post-Consolidation Shares of Seaway on the basis of one Post-Consolidation Share for each Sweet Earth Share, resulting in Sweet Earth becoming a wholly-owned subsidiary of Seaway. The deemed exchange price for the Post-Consolidation Shares to be issued shall be $0.20 per Post-Consolidation Share, or such other price as permitted by governing regulatory bodies, including without limitation, the CSE.

The Company has agreed to pay a finder's fee in connection with the transaction in the amount of 4,000,000 shares of the Company on closing.