

SEAWAY ENERGY SERVICES INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE THREE MONTHS ENDED DECEMBER 31, 2018

This management discussion and analysis of financial position and results of operation is prepared as at February 25, 2019 and should be read in conjunction with the unaudited condensed interim financial statements and the accompanying notes for the period ended December 31, 2018 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 #789 - 999 West Hasting Street, Vancouver, British Columbia, V6C 2W2 Canada.

The Company has been actively seeking new business opportunities and financing. On February 20, 2019, the Company negotiated and entered into a letter of intent to acquire Sweet Earth Holdings Corporation. ("Sweet Earth"). See "Proposed Business Acquisition and Financing".

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 cast significant doubt over the Company's ability to continue as a going concern.

Proposed Business Acquisition and Financing

On February 14, 2019, the Company has entered into a letter of intent (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 the date of this MD&A, Seaway has 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 is not contemplating any concurrent financing in connection with the Proposed Transaction. The Company anticipates having not less than \$4,500,000 in cash on hand of in excess of \$2,000,000 together with cash available in Sweet Earth of approximately \$2,500,000. 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.

Board of Directors and Officers

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

David Sidoo	- President, director
Dylan Sidoo	- CEO, director
Leon Ho	- CFO, director
Peter Espig	- director
John McCoach	- director
Amrik Virk	- director

Selected Financial Data

The following selected financial information is derived from the financial statements of the Company.

	Fiscal 2019	Fiscal 2018				Fiscal 2017			
	Dec. 31 2018 \$	Sep. 30 2018 \$	Jun. 30 2018 \$	Mar. 31 2018 \$	Dec. 31 2017 \$	Sept. 30 2017 \$	Jun. 30 2017 \$	Mar. 31 2017 \$	Dec. 31 2016 \$
Operations:									
Revenues	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Expenses	(84,605)	(223,978)	(273,789)	(394,483)	(519,392)	(49,492)	(28,110)	(27,523)	(187,618)
Other items	11,646	10,953	11,677	11,949	2,851	505	-	-	-
Comprehensive (loss) income	(72,959)	(213,025)	(262,112)	(382,534)	(516,541)	(48,987)	(28,110)	(27,523)	(187,618)
(Loss) income per share -basic and diluted	(0.00)	(0.01)	(0.01)	(0.04)	(0.04)	(0.01)	(0.00)	(0.00)	(0.02)
Balance Sheet:									
Working capital (deficit)	2,079,608	2,152,567	2,365,595	2,475,204	2,857,738	29,529	78,516	86,126	13,648
Total assets	2,142,559	2,276,770	2,460,339	2,613,260	2,915,987	92,239	127,752	114,211	30,966

Results of Operations

Three Months Ended December 31, 2018 Compared to Three Months Ended December 31, 2017

During the three months ended December 31, 2018, the Company reported a net loss of \$72,959 compared to a net loss of \$516,541 during the three months ended December 31, 2017, primarily due to:

- (i) incurred executive management compensation of \$36,750 (2017 - \$152,750) due to less bonuses were issued during the comparative period.
- (ii) incurred rent of \$9,000 (2017 - \$Nil) due to office space provided by a company owned by a director of the Company.
- (iii) incurred share-based compensation of \$Nil (2017 - \$282,000) due to stock options granted during the comparative period.
- (iv) incurred travel and related of \$15,152 (2017 - \$24,559) as less trips were taken during the current period.

Financing Activities

No equity financings were conducted during the period ended December 31, 2018.

Financial Condition / Capital Resources

During the period ended December 31, 2018 the Company incurred a comprehensive loss of \$72,959 and, as at December 31, 2018, had working capital of \$2,079,608 and an accumulated deficit of \$5,501,527. The Company has sufficient financial resources to maintain current levels of overhead. 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

The Company has no other proposed transactions.

Changes in Accounting Policies

Please refer to the December 31, 2018 condensed interim financial statements on www.sedar.com for details on accounting policies adopted in the period as well as future accounting policies.

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 consist 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:

	<u>2018</u>	<u>2017</u>
Accounting and administrative	\$ 24,500	\$ -
Executive management compensation	36,750	152,750
Office	10,206	-
Rent	9,000	-
Share-based compensation	<u>-</u>	<u>282,000</u>
	\$ 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.

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 25, 2019, the Company had the following outstanding:

Common shares – 27,842,583 outstanding

Warrants:

<u>Number</u>	<u>Exercise Price</u>	<u>Expiry Date</u>
7,813,000	\$0.40	December 5, 2019
<u>7,187,000</u>	0.40	December 12, 2019
15,000,000		

Options:

<u>Number</u>	<u>Exercise Price</u>	<u>Expiry Date</u>
160,000	\$0.35	October 18, 2021
890,000	0.20	October 20, 2021
100,000	1.14	December 21, 2021
<u>100,000</u>	1.14	December 27, 2021
1,250,000		