



Annual Information Form
Fiscal Year Ended December 31, 2007

Dated April 24, 2008

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CONVENTIONS

Unless otherwise indicated, references herein to “\$” or “dollars” are to Canadian dollars. All financial information with respect to the Corporation has been presented in Canadian dollars in accordance with generally accepted accounting principles in Canada. The information in this annual information form (“Annual Information Form”) is stated as at December 31, 2007, unless otherwise indicated. For an explanation of the capitalized terms and expressions and certain defined terms, please refer to the section of this Annual Information Form titled “*Definitions*”.

ABBREVIATIONS

	Oil and Natural Gas Liquids		Natural Gas
Bbl	Barrel	Mcf	thousand cubic feet
Bbls	Barrels	Mmcf	million cubic feet
BOPD	Barrel of oil per day	Mcf/d	thousand cubic feet per day
Mbbls	thousand barrels	Mmcf/d	million cubic feet per day
Mmbbls	million barrels	MMBTU	million British Thermal Units
Mstb	1,000 stock tank barrels	Bcf	billion cubic feet
Bbls/d	barrels per day	GJ	Gigajoule
NGLs	natural gas liquids		
STB	Standard tank barrels		
Other			
AECO	Alberta Energy Company’s natural gas storage facility located at Suffield, Alberta.		
API	American Petroleum Institute		
API	an indication of the specific gravity of crude oil measured on the API gravity scale. Liquid petroleum with a specified gravity of 28° API or higher is generally referred to as light crude oil.		
ARTC	Alberta Royalty Tax Credit		
BOE	barrel of oil equivalent of natural gas and crude oil on the basis of 1 BOE for 6 (unless otherwise stated) Mcf of natural gas (this conversion factor is an industry accepted norm and is not based on either energy content or current prices)		
BOE/D	barrel of oil equivalent per day		
m3	cubic metres		
EPEA	<i>Environmental Protection and Enhancement Act</i> (Alberta)		
MBOE	1,000 barrels of oil equivalent		
OOIP	original oil in place		
WTI	West Texas Intermediate, the reference price paid in U.S. dollars at Cushing, Oklahoma for crude oil of standard grade		
\$000s	thousands of dollars		

CONVERSION

The following table sets forth certain standard conversions from Standard Imperial Units to the International System of Units (or metric units).

To Convert From	To	Multiply By
Mcf	Cubic metres	28.174
Cubic metres	Cubic feet	35.494
Bbls	Cubic metres	0.159
Cubic metres	Bbls oil	6.290
Feet	Metres	0.305
Metres	Feet	3.281
Miles	Kilometres	1.609
Kilometres	Miles	0.621
Acres	Hectares	0.405
Hectares	Acres	2.471

DEFINITIONS

Wherever used in this Annual Information Form, unless the context otherwise requires, the following words and phrases shall have the meanings set forth below:

“**1276921**” means 1276921 Alberta Ltd.;

“**1276921 Amalgamation Agreement**” means the amalgamation agreement dated July 20, 2007 among Seaview, Seaview Exploration and 1276921;

“**1276921 Share**” means a common share in the capital stock of 1276921;

“**1332726**” means 1332726 Alberta Ltd.;

“**1332915**” means 1332915 Alberta Ltd.;

“**1332915 Pre-Acquisition Agreement**” means the pre-acquisition agreement dated March 17, 2008 between Seaview Energy Inc. and 1332915;

“**1332915 Share**” means a common share in the capital stock of 1332915;

“**2D**” means two dimensional;

“**3D**” means three dimensional;

“**ABCA**” means the *Business Corporations Act* (Alberta);

“**Amalgamation**” means the amalgamation of Seaview Exploration and 1276921 pursuant to the 1276921 Amalgamation Agreement;

“**Board**” or “**Board of Directors**” means the board of directors of Seaview;

“**Canoil**” means Canoil Inc.;

“**Canoil Agreements**” means, collectively, the Canoil Boundary Lake Agreement and the Canoil Mulligan Agreement;

“**Canoil Boundary Lake Agreement**” means the agreement dated July 24, 2007 between Seaview and Canoil;

“**Canoil Mulligan Agreement**” means the agreement dated July 24, 2007 between Seaview and Canoil;

“**Class A Share**” or “**Class A Shares**” means, respectively, one or more Class A Shares in the capital of Seaview;

“**Class B Share**” or “**Class B Shares**” means, respectively, one or more Class B Shares in the capital of Seaview;

“**Corporation**” or “**Seaview**” means Seaview Energy Inc., a corporation duly incorporated under the laws of the Province of Alberta;

“**Current Market Price**” at any date shall mean the weighted average trading price per share for Class A Shares for any 30 consecutive trading days selected by Seaview and commencing not more than 45 days before such date on the TSX Venture Exchange, or, if the Class A Shares are not listed thereon, on such stock exchange on which the Class A Shares are listed as may be selected for such purpose by the directors of Seaview, or if the Class A Shares are not listed on any stock exchange, then on the over-the-counter market. The weighted average price shall be determined by dividing the aggregate sale price of all Class A Shares sold on the said exchange or market, as the case may be, during the said 30 consecutive trading days by the total number of such Class A Shares so sold. In the event the foregoing cannot be determined, the Current Market Price shall be established by a qualified independent valuer approved by the board of directors;

“**Fairborne**” means Fairborne Energy Ltd.;

“**Fairborne Agreement**” means the agreement dated December 1, 2006 among Fairborne, Fairborne Pivotal Production Partnership and 1276921;

“**NASDAQ**” means the National Association of Securities Dealers Automated Quotation System;

“**NEB**” means the National Energy Board;

“**Offering**” means the public offering of the 11,706 Units by Seaview that closed October 17, 2007, for proceeds of \$11,706,000;

“**Seaview Exploration**” means Seaview Exploration Ltd.;

“**Tax Act**” means the *Income Tax Act* (Canada), R.S.C. 1985, c.1 (5th Supp.), as amended;

“**TSXV**” means the TSX Venture Exchange;

“**Units**” means the units comprising the Offering, each of which consists of 400 “flow-through” Class A Shares and 90 “flow-through” Class B Shares; and

“**U.S.**”, “**US**” or “**United States**” means the United States of America.

SPECIAL NOTE REGARDING FORWARD LOOKING STATEMENTS

All forward-looking statements in this Annual Information Form and in certain documents incorporated by reference herein, are based on assumptions and the Corporation's view of future events which reflect information available at the time the assumption was made. Certain statements contained in this Annual Information Form constitute forward-looking statements. The use of any of the words "anticipate", "continue", "estimate", "expect", "may", "will", "project", "should", "believe" and similar expressions are intended to identify forward-looking statements. These statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. Management of the Corporation believes the expectations reflected in those forward-looking statements are reasonable but no assurance can be given that these expectations will prove to be correct and such forward-looking statements included herein should not be unduly relied upon. These statements speak only as of the date hereof or at the date specified in the documents incorporated by reference into this Annual Information Form.

In particular, this Annual Information Form contains forward-looking statements pertaining to the following:

- oil and natural gas production levels;
- capital expenditure programs;
- the quantity of the oil and natural gas reserves;
- projections of commodity prices and costs;
- supply and demand for oil and natural gas;
- expectations regarding the ability to raise capital and to continually add to reserves through exploration, development and acquisitions; and
- treatment under governmental regulatory regimes including taxation.

Actual results could differ materially from those anticipated in these forward-looking statements as a result of the risk factors set forth below and elsewhere in this Annual Information Form:

- volatility in market prices for oil and natural gas;
- liabilities inherent in oil and natural gas operations;
- uncertainties associated with estimating oil and natural gas reserves;
- competition for, inter alia, capital, acquisitions of reserves, undeveloped lands and skilled personnel;
- incorrect assessments of the value of acquisitions;
- geological, technical, drilling and processing problems;
- fluctuations in foreign exchange or interest rates and stock market volatility;
- failure to realize the anticipated benefits of acquisitions; and
- the other factors discussed under "*Risk Factors*" herein.

Readers are cautioned not to place undue reliance on this forward-looking information, which is given as of the date it is expressed in this Annual Information Form or otherwise, and while the Corporation may choose to do so, it accepts no obligation to update publicly or revise any forward-looking information, whether as a result of new information, future events or otherwise, except as required by securities law.

THE CORPORATION

Seaview Energy Inc. was incorporated under the ABCA on December 13, 2006. The registered office of Seaview is located at 3300, 421 – 7th Avenue S.W., Calgary, Alberta, T2P 4K9 and its head office is located at 1500, 444 – 5th Avenue S.W., Calgary, Alberta, T2P 2T8. Seaview’s articles were amended on August 31, 2007 to remove its private company restrictions.

INTERCORPORATE RELATIONSHIPS

Seaview has the following wholly-owned subsidiaries:

<u>Name</u>	<u>Jurisdiction of Incorporation</u>
Seaview Exploration Ltd.	Alberta
1288916 Alberta Ltd.	Alberta

In addition, Seaview holds partnership interest in Seaview Energy Partnership (the “**Partnership**”), a partnership formed pursuant to the *Partnership Act* (Alberta). The partners of the Partnership are Seaview and its subsidiaries.

GENERAL DEVELOPMENT OF THE BUSINESS

History

The Corporation was formed in 2006 to operate in Canada as an oil and gas exploration, development and production company.

On June 22, 2007, Seaview raised \$677,000 by way of private placement of 2,708,000 Class A Shares issued at a price of \$0.25 per share.

On July 11, 2007, Seaview purchased a petroleum and natural gas license covering Section 5-77-7W6M for aggregate consideration of \$52,708. Pursuant to the acquisition, Seaview acquired all petroleum and natural gas rights below base Doe Creek. This acquisition provided Seaview with 640 gross acres (320 net) of land.

On July 13, 2007, Seaview raised \$520,000 by way of private placement of 2,080,000 Class A Shares at an issue price of \$0.25 per share.

On July 24, 2007, Seaview entered into the Canoil Mulligan Agreement with Canoil for an option on 640 gross acres (640 net acres) of undeveloped land. Pursuant to the terms of the Canoil Mulligan Agreement, Seaview acquired and reprocessed 26 kilometres of trade seismic data as outlined in the agreement at an estimated cost of \$60,000. The costs associated with the acquisition of seismic data were paid 100% by Seaview (\$60,000 net to Seaview).

On July 24, 2007, Seaview entered into the Canoil Boundary Lake Agreement with Canoil for an option on 960 gross acres (960 net acres) of undeveloped land. Pursuant to the terms of the Canoil Boundary Lake Agreement, Seaview acquired a minimum area of 3D seismic as outlined in the agreement at an estimated cost of \$160,000. The costs associated with the acquisition of seismic data were paid 62.5% by Seaview (\$100,000 net to Seaview) and 37.5% by Canoil (\$60,000 net to Canoil).

On October 17, 2007, the Corporation completed its initial public equity offering, raising proceeds of \$11,706,000 through the issuance of 11,706 Units at a price of \$1,000 per Unit. Each Unit was comprised of 400 Class A Shares and 90 Class B Shares.

On October 17, 2007, the Corporation completed the Amalgamation pursuant to the 1276921 Amalgamation Agreement entered into between the Corporation and Seaview Exploration, a wholly-owned subsidiary of the Corporation. Pursuant to the terms of the Amalgamation Agreement, Seaview Exploration and 1276921 agreed to amalgamate on the basis of 0.9076 of a Class A Share being issued for each 1276921 Share. Upon completion of the Amalgamation, Seaview

Exploration and 1276921 continued to carry on business under the name “Seaview Exploration Ltd.” and such entity is a wholly-owned subsidiary of Seaview. See “*General Development of the Business – Significant Acquisitions*”.

On October 23, 2007, the Class A Shares and Class B Shares commenced trading on the TSXV.

On February 26, 2008, the Corporation entered into a letter agreement with 1332915 whereby the Corporation agreed to acquire all of the outstanding securities of 1332915 for total consideration of approximately \$27.5 million, comprised of the assumption of 1332915’s net debt position and the issuance of 8,049,250 Class A Shares. On March 17, 2008, the parties entered into the 1332915 Pre-Acquisition Agreement. The acquisition of 1332915 was completed on April 1, 2008. Contemporaneous with the completion of the acquisition, Seaview, 1332915 and 1332726, a wholly owned subsidiary of 1332915, were amalgamated and continue to carry on business under the name “Seaview Energy Inc.”. The assets of 1332915 are strategically focused within Seaview’s Peace River Arch core area of northwest Alberta with production as at April 1, 2008 estimated at more than 550 Boe/d (92% natural gas weighted). The acquisition significantly expands Seaview’s production, reserves, land and drilling inventory, and establishes Seaview as a high growth oil and gas exploration and production company.

Significant Acquisitions

Seaview did not complete any significant acquisitions during the most recently completed financial year, other than the Amalgamation.

On July 20, 2007, Seaview, Seaview Exploration, a wholly-owned subsidiary of Seaview, and 1276921 entered into the 1276921 Amalgamation Agreement pursuant to which Seaview Exploration and 1276921 agreed to amalgamate on the basis of 0.9076 of a Class A Share issued for each 1276921 Share (the “Acquisition”). The completion of the Acquisition was subject to certain conditions to be satisfied on or prior to closing including the approval of the shareholders of 1276921, which was obtained at a meeting held on October 5, 2007. The Acquisition closed on October 17, 2007. As a result of the Acquisition, Seaview Exploration and 1276921 continue to carry on business under the name “Seaview Exploration Ltd.” and such entity is a wholly-owned subsidiary of Seaview.

The primary asset of 1276921 is located in the Gordondale – Valhalla focus area. This focus area is characterized by multi-zone, natural gas or light oil drilling opportunities at shallow to medium drilling depths (approximately 350 to 1,800 metres). 1276921’s land base was acquired pursuant to the Fairborne Agreement.

Pursuant to the Fairborne Agreement, 1276921 acquired an option on 39,840 gross acres (24,715 net acres). The target formations are the Cretaceous aged Doe Creek, Dunvegan, Notikewin and Gething formations targeting sweet natural gas reserves at depths of 350 to 1,800 metres. In addition to the shallow-medium depth gas reserves, potential also exists in the Triassic aged Charlie Lake, Halfway, Doig and Montney formations targeting primarily medium-light grade crude oil reserves at depths to 2,000 metres. Finally the Mississippian aged Kiskatinaw formation at average depths of 2,200 metres holds potential for exploration prospects targeting natural gas reserves.

Seaview acquired 1276921 for total consideration of approximately \$13.3 million paid through the issuance of 9,602,507 Class A Shares to former holders of 1276921 Shares, valued at \$1.38 per Class A Share.

A Form 51-102F4 Business Acquisition Report in respect of the Amalgamation was filed on SEDAR on December 21, 2007.

NARRATIVE DESCRIPTION OF THE BUSINESS

General

The business plan of the Corporation is to focus its exploration efforts in two to three core areas in Alberta, in order to develop an asset portfolio offering both geologic and geographic diversity to manage overall investment risk. Business development is focused on regions where management has previous experience. Seaview’s goal is to create sustainable and profitable growth in production and cash flow. To accomplish this, Seaview has, and will continue to pursue, aggressive, yet focused, acquisition, exploration, exploitation and development opportunities.

Seaview plans to acquire interests in oil and gas exploration and development prospects primarily through internal generation and through farm-ins and participation with other industry partners. Emphasis will be placed on exploration targets near established infrastructure that have the potential to be placed on production soon after drilling success. Seaview's focus areas will characteristically have moderate drilling and operating costs and offer access to processing and transportation systems. Typical drilling depths between 500 and 2,000 metres will allow Seaview to explore for oil and gas in the Cretaceous, Triassic and Mississippian formations with drilling costs in the \$250,000 to \$800,000 range.

Seaview has initially been focusing exploration efforts in the Peace River Arch area, Northwest of Grande Prairie, Alberta, to develop the Corporation's first core area. To date, Seaview has been active in securing oil and gas interests in this area by entering into the Canoil Agreements, and through the acquisition of 1276921 and 1332915. In addition, Seaview has been and will continue to pursue additional interests within its focus areas through acquisitions, farm-in agreements and other industry participation agreements. Management of Seaview has extensive experience in oil and gas exploration and development in Seaview's areas of focus. The Corporation's investment decisions will largely be opportunity driven.

Seaview plans to aggressively acquire, exploit and explore for oil and gas prospects. Seaview will focus on acquisitions of oil and gas properties where management believes further exploration, exploitation and development opportunities exist. While largely opportunity driven, Seaview plans to pursue a balanced portfolio of crude oil and natural gas prospects. In selecting exploration, exploitation and development prospects, management of Seaview will choose those that offer an appropriate combination of risk and economic reward, recognizing that all drilling involves substantial risk and that a high degree of competition exists for prospects. To achieve sustainable and profitable growth, Seaview believes in controlling the timing and costs of its projects whenever possible. Accordingly, Seaview will seek to become the operator of its properties to the greatest extent possible.

In order to focus its exploration and development drilling programs, Seaview will consider some or all of the following criteria prior to allocating capital to new projects:

- required capital and degree of risk relative to expected production rate and potential reserves volumes;
- quality of the anticipated production and reserves. Seaview's exploration efforts will be focused towards long-life, low-decline reserves with reserves life indices greater than five years;
- favourable payout and return on investment. Seaview will strive to identify projects which have the ability to achieve payout in less than three years and have the ability to generate a return on investment of at least 15% per annum;
- availability and application of seismic to reduce risk. Seaview will attempt to minimize risk by pursuing plays that are supported by seismic. Furthermore, Seaview intends to maintain capital efficiency by shooting or acquiring seismic data prior to land acquisition;
- availability of operatorship;
- adjacent land opportunities;
- potential for additional reservoir development and repeatability of the play type; and
- target areas where infrastructure is available and accessible and the ability to expand the infrastructure is also significant. All new wells drilled (exploration or development) should have the reasonable expectation of being placed on production within six months from the date of completion.

It is important to recognize that exploration drilling involves substantial risk and no assurance can be given that drilling will prove successful in establishing commercially recoverable reserves. While Seaview believes that it has the skills and resources necessary to achieve its objectives, participation in the exploration for and development of oil and natural gas has a number of inherent risks. See "*Risk Factors*".

Strategic acquisitions of oil and gas properties which are synergistic to Seaview's exploration focus will be a key component of Seaview's future growth plan. Management has industry experience in a wide range of producing areas of Western Canada, in addition to its initial focus areas. Management believes this diverse experience provides the capability to expand the scope of Seaview's activities and opportunities through selective asset and corporate acquisitions. Seaview intends to finance acquisitions through a combination of debt and equity. When reviewing potential participations or acquisitions, Seaview will consider some or all of the following criteria:

- the opportunity must present identifiable and measurable upside, either through drilling, completions, reservoir management or production/facility optimization;
- producing properties should exhibit low decline and long reserves life, typically greater than seven years;
- operatorship or the possibility of becoming operator;
- ensuring facilities and infrastructure provide near-term market access, with capability of expansion to accommodate increased activity;
- additional facility opportunities, particularly if there is a consistent stream of third party processing income that could be increased through additional tie-ins, whereby facilities associated with the acquisition of producing properties may represent up to 30% of total asset value;
- required return on investment from acquired producing properties should be at least 15% per annum, with a recycle ratio greater than two. The recycle ratio is a measure for evaluating the effectiveness of a company's reinvestment program. The ratio measures the efficiency of capital investment. It accomplishes this by comparing the operating netback per barrel of oil equivalent to that year's reserve finding and development costs;
- all acquisitions, when fully exploited, should enhance the net asset value per share of Seaview; and
- utilizing commodity price and exchange rate assumptions from projections by major independent petroleum engineering firms and future contract pricing.

In addition to the above criteria, in circumstances where Seaview seeks to acquire assets of a material nature with proven reserves, prior to the investment decision being finalized, Seaview intends to obtain an independent engineering report (whether from the vendor of such assets or otherwise) relating to such proven reserves.

The Board may, in its discretion, approve asset or corporate acquisitions or investments that do not conform to these guidelines based upon the Board's consideration of the qualitative aspects of the subject properties including risk profile, technical upside, reserves life and asset quality.

Personnel

As of December 31, 2007, the Corporation had 9 full-time employees, 1 part-time employee and 2 consultants.

Industry Conditions

The oil and gas industry is subject to extensive controls and regulations imposed by various levels of government. Outlined below are some of the more significant aspects of the legislation, regulations and agreements governing the oil and gas industry. All current legislation is a matter of public record and the Corporation is unable to predict what additional legislation or amendments may be enacted.

Canadian Government Regulation

The oil and natural gas industry is subject to extensive controls and regulations imposed by various levels of government. It is not expected that any of these controls or regulations will affect the operations of the Corporation in a manner materially different than they would affect other oil and gas companies of similar size. All current legislation is a matter of public record and the Corporation is unable to predict what additional legislation or amendments may be enacted.

Pricing and Marketing - Oil

In Canada, producers of oil negotiate sales contracts directly with oil purchasers, with the result that the market determines the price of oil. The price depends in part on oil quality, prices of competing fuels, distance to market, the value of refined products and the supply/demand balance. Oil exports may be made pursuant to export contracts with terms not exceeding one year in the case of light crude, and not exceeding two years in the case of heavy crude, provided that an order approving any such export has been obtained from the NEB. Any oil export to be made pursuant to a contract of longer duration (to a maximum of 25 years) requires an exporter to obtain an export licence from the NEB and the issue of such a licence requires the approval of the Governor in Council.

Pricing and Marketing - Natural Gas

In Canada, the price of natural gas sold in interprovincial and international trade is determined by negotiation between buyers and sellers. Natural gas exported from Canada is subject to regulation by the NEB and the Government of Canada. Exporters are free to negotiate prices and other terms with purchasers, provided that the export contracts must continue to meet certain criteria prescribed by the NEB and the Government of Canada. Natural gas exports for a term of less than two years or for a term of 2 to 20 years (in quantities of not more than 30,000 m³/day), must be made pursuant to an NEB order. Any natural gas export to be made pursuant to a contract of longer duration (to a maximum of 25 years) or a larger quantity requires an exporter to obtain an export licence from the NEB and the issue of such a licence requires the approval of the Governor in Council.

The governments of Alberta, British Columbia and Saskatchewan regulate the volume of natural gas which may be removed from those provinces for consumption elsewhere based on such factors as reserve availability, transportation arrangements and market considerations.

The North American Free Trade Agreement ("NAFTA")

On January 1, 1994, NAFTA became effective among the governments of Canada, the United States of America and Mexico. NAFTA carries forward most of the material energy terms contained in the Canada-U.S. Free Trade Agreement. In the context of energy resources, Canada continues to remain free to determine whether exports to the United States of America or Mexico will be allowed provided that any export restrictions do not: (i) reduce the proportion of energy resource exported relative to domestic use (based upon the proportion prevailing in the most recent 36 month period), (ii) impose an export price higher than the domestic price, and (iii) disrupt normal channels of supply. All three countries are prohibited from imposing minimum export or import price requirements.

NAFTA contemplates the reduction of Mexican restrictive trade practices in the energy sector and prohibits discriminatory border restrictions and export taxes. NAFTA also contemplates clearer disciplines on regulators to ensure fair implementation of any regulatory changes and to minimize disruption of contractual arrangements, which is important for Canadian natural gas exports.

Royalties and Incentives

In addition to federal regulation, each province has legislation and regulations which govern land tenure, royalties, production rates, environmental protection and other matters. The royalty regime is a significant factor in the profitability of oil and natural gas production. Royalties payable on production from lands other than Crown lands are determined by negotiations between the mineral owner and the lessee. Crown royalties are determined by government regulation and are generally calculated as a percentage of the value of the gross production, and the rate of royalties payable generally depends in part on prescribed reference prices, well productivity, geographical location, field discovery date and the type or quality of the petroleum product produced.

From time to time the governments of Canada, Alberta, British Columbia and Saskatchewan have established incentive programs which have included royalty rate reductions, royalty holidays and tax credits for the purpose of encouraging oil and natural gas exploration or enhanced planning projects.

Alberta

Regulations made pursuant to the *Mines and Minerals Act* (Alberta) provide various incentives for exploring and developing oil reserves in Alberta. Oil produced from horizontal extensions commenced at least 5 years after the well was originally spudded may also qualify for a royalty reduction. A 24 month, 8,000 m³ exemption is available to production from a well that has not produced for a 12 month period, if resuming production after February 1, 1993. As well, oil production from eligible new field and new pool wildcat wells and deeper pool test wells spudded or deepened after September 30, 1992 is entitled to a 12 month royalty exemption (to a maximum of \$1 million). Oil produced from low productivity wells, enhanced recovery schemes (such as injection wells) and experimental projects is also subject to royalty reductions.

The Alberta government has also introduced a Third Tier Royalty with a base rate of 10% and a rate cap of 25% for oil pools discovered after September 30, 1992. The new oil royalty reserved to the Crown has a base rate of 10% and a rate cap of 30%. The old oil royalty reserved to the Crown had a base rate of 10% and a rate cap of 35%.

In the province of Alberta, the royalty reserved to the Crown in respect of natural gas production, subject to various incentives, is between 15% and 30%, in the case of new gas, and between 15% and 35%, in the case of old gas, depending upon a prescribed or corporate average reference price. Natural gas produced from qualifying exploratory gas wells spudded or deepened after July 31, 1985 and before June 1, 1988 is eligible for a royalty exemption for a period of 12 months, up to a prescribed maximum amount. Natural gas produced from qualifying intervals in eligible gas wells spudded or deepened to a depth below 2,500 metres is also subject to a royalty exemption, the amount of which depends on the depth of the well.

Oil and natural gas royalty holidays and reductions for specific wells reduce the amount of Crown royalties paid by the Corporation to the provincial governments. In Alberta, the Alberta Royalty Tax Credit (“ARTC”) program provides a rebate on Alberta Crown royalties paid in respect of eligible producing properties. Both of these incentives have the effect of increasing the net income of the Corporation.

In Alberta, a producer of oil or natural gas is entitled to a credit on qualified oil and gas production against the royalties payable to the Crown by virtue of the ARTC. The ARTC program is based on a price-sensitive formula, and the ARTC rate varies between 75 percent, at prices for oil below \$100 per m³, and 25 percent, at prices above \$210 per m³. The ARTC rate is applied to a maximum of \$2,000,000 of Alberta Crown royalties payable for each producer or associated group of producers. Crown royalties on production from producing properties acquired from corporations claiming maximum entitlement to ARTC will generally not be eligible for ARTC. The rate is established quarterly based on the average “par price”, as determined by the Alberta Department of Energy for the previous quarterly period.

On December 22, 1997, the Alberta government announced that it was conducting a review of the ARTC program with the objective of setting out better targeted objectives for a smaller program and to deal with administrative difficulties. On August 30, 1999, the Alberta government announced that it would not be reducing the size of the program but that it would introduce new rules to reduce the number of persons who qualify for the program. The new rules precluded companies that paid less than \$10,000 in royalties per year and non-corporate entities from qualifying for the program. However, the Alberta government announced in August of 2006 that four royalty programs were to be amended, a new program was to be introduced and the ARTC was to be eliminated effective January 1, 2007. The programs affected by this amendment are: (i) Deep Gas Royalty Holiday; (ii) Low Productivity Well Royalty Reduction; (iii) Reactivated Well Royalty Exemption; and (iv) Horizontal Re-Entry Royalty Reduction. The program being introduced is the Innovative Energy Technologies Program (the “IETP”) which is intended to promote producers’ investment in research, technology and innovation for the purposes of improving environmental performance whilst creating commercial value. The IETP provides royalty reductions which are presumed to reduce financial risk. Alberta Energy will be the one to decide which projects qualify and the level of support that will be provided. The deadline for the IETP’s third round of applications is May 31, 2007.

On February 16, 2007, the Alberta Government announced that a review of the province's royalty and tax regime (including income tax and freehold mineral rights tax) pertaining to oil, gas and oil sands will be conducted by a panel of

experts, with the assistance of individual Albertans and key stakeholders. The purpose of this process is to ensure that Albertans are receiving a fair share from energy development through royalties, taxes and fees.

On October 25, 2007, the Government of Alberta unveiled a new royalty regime. The new regime will introduce new royalties for conventional oil, natural gas and bitumen effective January 1, 2009 that are linked to price and production levels and will apply to both new and existing oil sands projects and conventional oil and gas activities.

Royalties payable pursuant to Crown petroleum and natural gas leases are royalties, assessed on a sliding scale where the rate changes depending on oil or natural gas prices and the level of production. As described above, the maximum Crown royalties currently payable in the case of conventional oil range from 30 percent to 35 percent. In the case of natural gas, current Crown royalties range from 5 percent to 35 percent and from 15 percent to 50 percent in the case of natural gas liquids.

The new royalty formula for conventional oil will operate on a sliding rate formula containing separate elements that account for oil price and well production. Royalty rates for conventional oil will range up to 50 percent, with rate caps once the price of conventional oil reaches \$120 per barrel.

Under the new royalty regime, natural gas royalties will be set by a sliding rate formula sensitive to price production volume and measured well depth. New natural gas royalty rates will range from 5 percent to 50 percent with rate caps once the price of natural gas reaches \$17.50/mmbtu. Royalties for natural gas liquids will be set at 40 percent for pentanes and 30 percent for butanes and propane.

The implementation of the proposed changes to the royalty regime in Alberta is subject to certain risks and uncertainties. The significant changes to the royalty regime require new legislation, changes to existing legislation and regulation and development of proprietary software to support the calculation and collection of royalties. Additionally, certain proposed changes contemplate further public and/or industry consultation. There may be modifications introduced to the proposed royalty structure prior to the implementation thereof.

The new royalty regime, if enacted as proposed, could increase the Corporation's average royalty rate commencing January 1, 2009, depending on transitional rules which have not yet been made available to the Corporation. The proposed changes to royalties could also have a negative impact on net earnings, funds from operations, cash flow from operating activities, operating netbacks, and reserve values, which could create uncertainty as to the recoverability of the carrying value of the Corporation's petroleum and natural gas assets. Nonetheless, the Corporation expects the economics of production from its properties will be acceptable under the new royalties. This is due, in part, to the potential decreased industry activity leading to reduced costs of services, which would offset the potential nominal decline in rates of return due to a higher royalty.

British Columbia

Producers of oil and natural gas in the province of British Columbia are also required to pay annual rental payments in respect of Crown leases and royalties and freehold production taxes in respect of oil and gas produced from Crown and freehold lands, respectively. The amount payable as a royalty in respect of oil depends on the vintage of the oil (whether it was produced from a pool discovered before or after October 31, 1975), the quantity of oil produced in a month and the value of the oil. Oil produced from newly discovered pools may be exempt from the payment of a royalty for the first 36 months of production. The royalty payable on natural gas is determined by a sliding scale based on a reference price which is the greater of the amount obtained by the producer and a prescribed minimum price. Gas produced in association with oil has a minimum royalty of 8% while the royalty in respect of other gas may not be less than 15%.

Saskatchewan

Seaview does not currently carry on operations in Saskatchewan, but in the event that the Corporation elects to operate in Saskatchewan, the following royalty regime will apply. In Saskatchewan, the amount payable in respect of oil depends on the vintage of the oil, the type of oil, the quantity of oil produced in a month and the value of the oil. The Crown royalty and freehold production tax structure for crude oil (which includes heavy oil, southwest designated oil and non-heavy

other than southwest designated oil) is price sensitive and varies between the base royalty rates of 5% to 45%. The royalty payable on natural gas is determined by a sliding scale on a reference price which is the greater of the amount obtained by the produced and a prescribed minimum price. Gas produced in associated with oil has a lower royalty rate than the rate in respect of non-associated natural gas.

Land Tenure

Crude oil and natural gas located in the western provinces is owned predominantly by the respective provincial governments. Provincial governments grant rights to explore for and produce oil and natural gas pursuant to leases, licences and permits for varying terms from two years and on conditions set forth in provincial legislation including requirements to perform specific work or make payments. Oil and natural gas located in such provinces can also be privately owned and rights to explore for and produce such oil and natural gas are granted by lease on such terms and conditions as may be negotiated.

Canadian Environmental Regulation

The oil and natural gas industry is currently subject to environmental regulation pursuant to provincial and federal legislation. Environmental legislation provides for restrictions and prohibitions on releases or emissions of various substances produced or utilized in association with certain oil and gas industry operations. In addition, legislation requires that well and facility sites be abandoned and reclaimed to the satisfaction of provincial authorities.

Environmental legislation in the Province of Alberta has been consolidated into the *Environmental Protection and Enhancement Act* (the "EPEA") and the *Oil and Gas Conservation Act* ("OGCA"). The EPEA and the OGCA impose environmental standards with respect to releases of effluents and emissions, include reporting and monitoring obligations, and impose significant penalties for non-compliance. For example, regulations enacted under the EPEA target sulphur oxide and nitrous oxide emissions from oil and gas operations

The Corporation believes it is in material compliance with environmental legislation at this time. The Corporation is committed to meeting its responsibilities to protect the environment wherever it operates and will take such steps as required to ensure compliance with environmental legislation.

The Corporation does not currently carry on operations in British Columbia, however in the event that the Corporation elects to operate in such province, British Columbia's *Environmental Assessment Act* will apply. This legislation rolls the previous processes for the review of major energy projects into a single environmental assessment process which contemplates public participation in the environmental review. British Columbia also announced a new Energy Plan in 2007 which calls for flare reduction, emissions reduction, unconventional development, and increased recovery from existing reserves, among other clean energy and technology incenting policies.

The Corporation does not currently carry on operations in Saskatchewan, however in the event that the Corporation elects to operate in Saskatchewan, the provincial *Environmental Management and Protection Act, 2002* and *Oil and Gas Conservation Act* would apply.

Social or Environmental Policies

The health and safety of employees, contractors and the public, as well as the protection of the environment, is of utmost importance to Seaview. To this end the Corporation has instituted a comprehensive environmental policy to which it, as well as its employees and contractors are required to adhere. The Corporation endeavours to conduct its operations in a manner that will minimize both adverse effects and consequences of emergency situations by:

- Complying with government regulations and standards;
- Operations consistent with industry codes, practises and guidelines;
- Ensuring prompt, effective response and repair to emergency situations and environmental incidents;

- Providing training to employees and contractors to ensure compliance with corporate safety and environmental rules and procedures; and
- Communicating openly with members of the public regarding its activities.

Seaview believes that all employees have a vital role in achieving excellence in environmental, health and safety performance. This is best achieved through careful planning and the support and active participation of everyone involved. To further ensure that the Corporation achieves excellence in health and safety performance an emergency response plan and a corporate safety policy have been implemented. Furthermore, the Corporation aligns itself with the best industry practices to ensure positive results.

Risk Factors

Exploration, Development and Production Risks

Oil and natural gas exploration involves a high degree of risk and there is no assurance that expenditures made on future exploration by the Corporation will result in new discoveries of oil or natural gas in commercial quantities. It is difficult to project the costs of implementing an exploratory drilling program due to the inherent uncertainties of drilling in unknown formations, the costs associated with encountering various drilling conditions such as over pressured zones and tools lost in the hole, and changes in drilling plans and locations as a result of prior exploratory wells or additional seismic data and interpretations thereof.

The Corporation currently has a limited number of specific identified exploration or development prospects. Management will continue to evaluate prospects on an ongoing basis in a manner consistent with industry standards and their past practices. The long-term commercial success of the Corporation depends on its ability to find, acquire, develop and commercially produce oil and natural gas reserves. No assurance can be given that the Corporation will be able to locate satisfactory properties for acquisition or participation. Moreover, if such acquisitions or participations are identified, the Corporation may determine that current markets, terms of acquisition and participation or pricing conditions make such acquisitions or participations uneconomic.

Future oil and gas exploration may involve unprofitable efforts, not only from dry wells, but from wells that are productive but do not produce sufficient net revenues to return a profit after drilling, operating and other costs. Completion of a well does not assure a profit on the investment or recovery of drilling, completion and operating costs. In addition, drilling hazards or environmental damage could greatly increase the cost of operations, and various field operating conditions may adversely affect the production from successful wells. These conditions include delays in obtaining governmental approvals or consents, shut-ins of connected wells resulting from extreme weather conditions, insufficient storage or transportation capacity or other geological and mechanical conditions. While close well supervision and effective maintenance operations can contribute to maximizing production rates over time, production delays and declines from normal field operating conditions cannot be eliminated and can be expected to adversely affect revenue and cash flow levels to varying degrees.

In addition, oil and gas operations are subject to the risks of exploration, development and production of oil and natural gas properties, including encountering unexpected formations or pressures, premature declines of reservoirs, blow-outs, cratering, sour gas releases, fires, spills or leaks. These risks could result in personal injury, loss of life, and environmental or property damage. Losses resulting from the occurrence of any of these risks could have a materially adverse effect on future results of operations, liquidity and financial condition.

Limitations of Insurance

The Corporation's involvement in the exploration for and development of oil and gas properties may result in the Corporation becoming subject to liability for pollution, blow outs, property damage, personal injury or other hazards. Although the Corporation has obtained insurance in accordance with industry standards to address such risks, such insurance has limitations on liability that may not be sufficient to cover the full extent of such liabilities. In addition, such risks may not, in all circumstances be insurable or, in certain circumstances, the Corporation may elect not to obtain

insurance to deal with specific risks due to the high premiums associated with such insurance or other reasons. The payment of such uninsured liabilities would reduce the funds available to the Corporation. The occurrence of a significant event that the Corporation is not fully insured against, or the insolvency of the insurer of such event, could have a material adverse effect on the Corporation's financial position, results of operations or prospects.

Prices, Markets and Marketing of Crude Oil and Natural Gas

Oil and natural gas are commodities whose prices are determined based on world demand, supply and other factors, all of which are beyond the control of the Corporation. World prices for oil and natural gas have fluctuated widely in recent years. Any material decline in prices could result in a reduction of net production revenue. Certain wells or other projects may become uneconomic as a result of a decline in world oil prices and natural gas prices, leading to a reduction in the volume of the Corporation's oil and gas reserves. The Corporation might also elect not to produce from certain wells at lower prices. All of these factors could result in a material decrease in the Corporation's future net production revenue, causing a reduction in its oil and gas acquisition and development activities. In addition, bank borrowings available to the Corporation are in part determined by the borrowing base of the Corporation. A sustained material decline in prices from historical average prices could limit or reduce the Corporation's borrowing base, therefore reducing the bank credit available to the Corporation, and could require that a portion of any existing bank debt of the Corporation be repaid.

In addition to establishing markets for its oil and natural gas, the Corporation must also successfully market its oil and natural gas to prospective buyers. The marketability and price of oil and natural gas which may be acquired or discovered by the Corporation will be affected by numerous factors beyond its control. The Corporation will be affected by the differential between the price paid by refiners for light quality oil and the grades of oil produced by the Corporation. The ability of the Corporation to market its natural gas may depend upon its ability to acquire space on pipelines which deliver natural gas to commercial markets. The Corporation will also likely be affected by deliverability uncertainties related to the proximity of its reserves to pipelines and processing facilities and related to operational problems with such pipelines and facilities and extensive government regulation relating to price, taxes, royalties, land tenure, allowable production, the export of oil and natural gas and many other aspects of the oil and natural gas business. The Corporation has limited direct experience in the marketing of oil and natural gas.

Substantial Capital Requirements; Liquidity

The Corporation anticipates that it will make substantial capital expenditures for the acquisition, exploration, development and production of oil and natural gas reserves in the future. If the Corporation's revenues or reserves decline, the Corporation may have limited ability to expend the capital necessary to undertake or complete future drilling programs. There can be no assurance that debt or equity financing, or cash generated by operations will be available or sufficient to meet these requirements or for other corporate purposes or, if debt or equity financing is available, that it will be on terms acceptable to the Corporation. Moreover, future activities may require the Corporation to alter its capitalization significantly. The inability of the Corporation to access sufficient capital for its operations could have a material adverse effect on the Corporation's financial condition, results of operations or prospects.

Competitive Conditions

The Corporation actively competes for reserve acquisitions, exploration leases, licences and concessions and skilled industry personnel with a substantial number of other oil and gas companies, many of which have significantly greater financial resources than the Corporation. The Corporation's competitors include major integrated oil and natural gas companies and numerous other independent oil and natural gas companies and individual producers and operators.

The oil and gas industry is highly competitive. The Corporation's competitors for the acquisition, exploration, production and development of oil and natural gas properties, and for capital to finance such activities, include companies that have greater financial and personnel resources available to them than the Corporation.

Certain of the Corporation's customers and potential customers are themselves exploring for oil and natural gas, and the results of such exploration efforts could affect the Corporation's ability to sell or supply oil or gas to these customers in the future. The Corporation's ability to successfully bid on and acquire additional property rights, to discover reserves, to

participate in drilling opportunities and to identify and enter into commercial arrangements with customers will be dependent upon developing and maintaining close working relationships with its future industry partners and joint operators and its ability to select and evaluate suitable properties and to consummate transactions in a highly competitive environment.

Environmental Protection Requirements

All phases of the oil and natural gas business present environmental risks and hazards and are subject to environmental regulation pursuant to a variety of international conventions and federal, provincial and municipal laws and regulations. Environmental legislation provides for, among other things, restrictions and prohibitions on spills, releases, or emissions of various substances produced in association with oil and natural gas operations. The legislation also requires that wells and facility sites be operated, maintained, abandoned and reclaimed to the satisfaction of applicable regulatory authorities. Environmental laws may impose remediation obligations and costs on “persons responsible” with respect to contaminated property, including persons responsible for the substance causing the contamination, persons responsible for the release, past and present owners of the property, and occupiers of the property. Compliance with such legislation can require significant expenditures and a breach may result in the imposition of fines and penalties, some of which may be material, and in the suspension or revocation of necessary licences and approvals, as well as civil liability for damage caused by pollution.

Environmental legislation is evolving in a manner expected to result in stricter standards and enforcement, larger fines and liability, and potentially increased capital expenditures and operating costs. The Corporation estimates the liability associated with its legal asset retirement obligations and provides for this estimate in its financial statements. As at December 31, 2007 the Corporation has accrued \$196,963 for the fair value of the asset retirement obligations. The liability will be funded by future cash flow as required. No abandonment expenses were incurred in 2007.

The discharge of oil, natural gas or other pollutants into the air, soil or water may give rise to liabilities to foreign governments and third parties and may require the Corporation to incur costs to remedy such discharge. No assurance can be given that environmental laws will not result in a curtailment of production or a material increase in the costs of production, development or exploration activities or otherwise adversely affect the Corporation’s financial condition, results of operations or prospects.

Reserve Replacement

The Corporation’s future oil and natural gas reserves, production, and cash flows to be derived therefrom are highly dependent on the Corporation successfully acquiring or discovering new reserves. Without the continual addition of new reserves, any existing reserves the Corporation may have at any particular time and the production therefrom will decline over time as such existing reserves are exploited. A future increase in the Corporation’s reserves will depend not only on the Corporation’s ability to develop any properties it may have from time to time, but also on its ability to select and acquire suitable producing properties or prospects. There can be no assurance that the Corporation’s future exploration and development efforts will result in the discovery and development of additional commercial accumulations of oil and natural gas.

Reliance on Operators and Key Employees

The Corporation may not be the operator of certain oil and gas properties in which it acquires an interest. To the extent the Corporation is not the operator of its oil and gas properties, the Corporation will be dependent on such operators for the timing of activities related to such properties and will largely be unable to direct or control the activities of the operators. In addition, the success of the Corporation will be largely dependent upon the performance of its management and key employees. The Corporation does not have any key man insurance policies, and therefore there is a risk that the death or departure of any member of management or any key employee could have a material adverse effect on the Corporation.

Corporate Matters

To date, the Corporation has not paid any dividends on its outstanding Class A Shares and does not anticipate the payment of any dividends on its Class A Shares or its Class B Shares for the foreseeable future. Certain of the directors and officers

of the Corporation are also directors and officers of other oil and gas companies involved in natural resource exploration and development, and conflicts of interest may arise between their duties as officers and directors of the Corporation and as officers and directors of such other companies. Such conflicts must be disclosed in accordance with, and are subject to such other procedures and remedies as apply under the ABCA.

Permits and Licenses

The operations of the Corporation may require licenses and permits from various governmental authorities. There can be no assurance that the Corporation will be able to obtain all necessary licenses and permits that may be required to carry out exploration and development at its projects. In addition, the requirements applicable to sustain existing permits and licenses may change or become more stringent over time and there is no assurance that the Corporation will have the resources or expertise to meet its obligations under such licenses and permits.

Additional Funding Requirements

The Corporation's cash flow from its reserves may not be sufficient to fund its ongoing activities at all times. From time to time, the Corporation may require additional financing in order to carry out its oil and gas acquisition, exploration and development activities. Failure to obtain such financing on a timely basis could cause the Corporation to forfeit its interest in certain properties, miss certain acquisition opportunities and reduce or terminate its operations. If the Corporation's revenues from its reserves decrease as a result of lower oil and natural gas prices or otherwise, it will affect the Corporation's ability to expend the necessary capital to replace its reserves or to maintain its production. If the Corporation's cash flow from operations is not sufficient to satisfy its capital expenditure requirements, there can be no assurance that additional debt or equity financing will be available to meet these requirements or available on favourable terms

Issuance of Debt

From time to time the Corporation may enter into transactions to acquire assets or the shares of other corporations. These transactions may be financed partially or wholly with debt, which may increase the Corporation's debt levels above industry standards. Neither the Corporation's articles nor its by-laws limit the amount of indebtedness that the Corporation may incur. The level of the Corporation's indebtedness from time to time could impair the Corporation's ability to obtain additional financing in the future on a timely basis to take advantage of business opportunities that may arise.

Availability of Drilling Equipment and Access Restrictions

Oil and natural gas exploration and development activities are dependent on the availability of drilling and related equipment in the particular areas where such activities will be conducted. Demand for such limited equipment or access restrictions may affect the availability of such equipment to the Corporation and may delay exploration and development activities.

Greenhouse Gas ("GHG") Regulation

The Corporation is not a large GHG emitter, however the Corporation's exploration and production facilities and other operations and activities will emit a small amount of GHGs which may subject the Corporation to legislation regulating GHG emissions. The Corporation is not currently impacted by Alberta's existing provincial GHG emissions reduction requirements imposed on large emitters under the *Climate Change and Emissions Management Act* and the *Specified Gas Emitters Regulation* enacted thereunder, but may be impacted by future federal and provincial GHG emissions reduction requirements to the extent applicable to small emitters.

Canada is a signatory to the United Nations Framework Convention on Climate Change and in 2002 ratified the Kyoto Protocol established thereunder. The Kyoto Protocol requires Canada to reduce total GHG emissions nationally by 6% below Canada's 1990 GHG emissions levels beginning in 2008-2012. Bill C-288, which is intended to ensure that Canada meets its global climate change obligations under the Kyoto Protocol, was passed by the House of Commons on February 14, 2007. The Government of Canada released a national GHG (and other air emissions) reduction plan and regulatory

framework in 2007, and has since released further details regarding its intention to enact federal intensity-based GHG regulations to come into force for the 2010 compliance year. The quantum of the Corporation's emissions and/or production at that time will be determinative of whether or not such federal regulations will apply to the Corporation. The direct or indirect costs of these regulations may adversely affect the business of the Corporation.

Geo-Political Risks

The marketability and price of oil and natural gas that may be acquired or discovered by the Corporation is and will continue to be affected by political events throughout the world that cause disruptions in the supply of oil. Conflicts or conversely peaceful developments, arising in the Middle-East, and other areas of the world, have a significant impact on the price of oil and natural gas. Any particular event could result in a material decline in prices and therefore result in a reduction of the Corporation's net production revenue.

In addition, the Corporation's oil and natural gas properties, wells and facilities could be subject to a terrorist attack. If any of the Corporation's properties, wells or facilities are the subject of terrorist attack it could have a material adverse effect on the Corporation. The Corporation will not have insurance to protect against the risk from terrorism.

Failure to Realize Anticipated Benefits of Acquisitions and Dispositions

The Corporation makes acquisitions and dispositions of businesses and assets in the ordinary course of business. Achieving the benefits of acquisitions depends in part on successfully consolidating functions and integrating operations and procedures in a timely and efficient manner as well as the Corporation's ability to realize the anticipated growth opportunities and synergies from combining the acquired businesses and operations with those of the Corporation. The integration of acquired businesses may require substantial management effort, time and resources and may divert management's focus from other strategic opportunities and operational matters. Management continually assesses the value and contribution of services provided and assets required to provide such services. In this regard, non-core assets are periodically disposed of, so that the Corporation can focus its efforts and resources more efficiently. Depending on the state of the market for such non-core assets, certain non-core assets of the Corporation, if disposed of, could be expected to realize less than their carrying value on the financial statements of the Corporation.

Regulatory

Oil and natural gas operations (exploration, production, pricing, marketing and transportation) are subject to extensive controls and regulations imposed by various levels of government, which may be amended from time to time. See "*Narrative Description of the Business – Industry Conditions*". Governments may regulate or intervene with respect to price, taxes, royalties and the exportation of oil and natural gas. Such regulations may be changed from time to time in response to economic or political conditions. On October 25, 2007 the Alberta Government unveiled a new royalty and tax regime applicable to oil, gas and oil sands – see "*Narrative Description of the Business – Industry Conditions*". The implementation of new regulations or the modification of existing regulations affecting the oil and natural gas industry could reduce demand for natural gas and crude oil and increase the Corporation's costs, any of which may have a material adverse effect on the Corporation's intended business, financial condition and results of operations. In order to conduct oil and natural gas operations, the Corporation will require licenses from various governmental authorities. There can be no assurance that the Corporation will be able to obtain all of the licenses and permits that may be required to conduct operations that it may wish to undertake.

Aboriginal Claims

Aboriginal peoples have claimed title and rights to portions of Western Canada. The Corporation is not aware that any claims have been made in respect of its properties and assets; however, if a claim arose and was successful this could have an adverse effect on the Corporation and its operations.

Business Cycle and Seasonality

The level of activity in the Canadian oil and natural gas industry is influenced by seasonal weather patterns. Wet weather and spring thaw may make the ground unstable. Consequently, municipalities and provincial transportation departments enforce road bans that restrict the movement of rigs and other heavy equipment, thereby reducing activity levels. Also, certain oil and natural gas producing areas are located in areas that are inaccessible other than during the winter months because the ground surrounding the sites in these areas consists of swampy terrain. Seasonal factors and unexpected weather patterns may lead to declines in exploration and production activity and corresponding declines in the demand for the goods and services of the Corporation. Furthermore, while the Corporation's business is generally not cyclical, its revenue from the sale of natural gas is highly seasonal, with demand for natural gas rising during cold winter months and hot summer months.

Title to Assets

While title reviews will generally be conducted prior to the purchase of most oil and natural gas producing properties or the commencement of drilling wells, such reviews do not guarantee or certify that an unforeseen defect in the chain of title will not arise to defeat the Corporation's claim which could result in a reduction of the revenue received by the Corporation.

Management of Growth

The Corporation may be subject to growth-related risks including capacity constraints and pressure on its internal systems and controls. The ability of the Corporation to manage growth effectively will require it to continue to implement and improve its operations and financial systems and to expand, train and manage its employee base. The inability of the Corporation to deal with this growth could have a material adverse impact on its business, operations and prospects.

Hedging

From time to time the Corporation may enter into agreements, to receive fixed prices on its oil and natural gas production to offset the risk of revenue losses if commodity prices decline; however, if commodity prices increase beyond the levels set in such agreements, the Corporation will not benefit from such increases and the Corporation may nevertheless be obligated to pay royalties on such higher prices, even though not received by it, after giving effect to such agreements. Similarly, from time to time the Corporation may enter into agreements to fix the exchange rate of Canadian to United States dollars in order to offset the risk of revenue losses if the Canadian dollar increases in value compared to the United States dollar; however, if the Canadian dollar declines in value compared to the United States dollar, the Corporation will not benefit from the fluctuating exchange rate.

Third Party Credit Risk

The Corporation is or may be exposed to third party credit risk through its contractual arrangements with its current or future joint venture partners, marketers of its petroleum and natural gas production and other parties. In the event such entities fail to meet their contractual obligations to the Corporation, such failures could have a material adverse effect on the Corporation and its cash flow from operations. In addition, poor credit conditions in the industry and of joint venture partners may impact a joint venture partner's willingness to participate in the Corporation's ongoing capital program, potentially delaying the program and the results of such program until the Corporation finds a suitable alternative partner.

Alternatives to and Changing Demand for Petroleum Products

Fuel conservation measures, alternative fuel requirements, increasing consumer demand for alternatives to oil and natural gas, and technological advances in fuel economy and energy generation devices could reduce the demand for crude oil and other liquid hydrocarbons. The Corporation cannot predict the impact of changing demand for oil and natural gas products, and any major changes may have a material adverse effect on the Corporation's business, financial condition, results of operations and cash flows.

Renegotiation or Termination of Contracts

It is not expected that the Corporation's business will be affected in the current financial year by the renegotiation or termination of contracts or sub contracts.

STATEMENT OF RESERVES DATA AND OTHER OIL AND GAS INFORMATION

Disclosure of Reserve Data

In accordance with National Instrument 51-101 – Standards of Disclosure for Oil and Gas Activities, Sproule Associates Limited (“Sproule”) prepared a report (the “Sproule Report”) dated March 13, 2008 and effective December 31, 2007. The Sproule Report evaluated, as at December 31, 2007, the Corporation's oil, NGLs and natural gas reserves. The tables below are a summary of the oil, NGLs and natural gas reserves of the Corporation and the net present value of future net revenue attributable to such reserves as evaluated in the Sproule Report based on constant and forecast price and cost assumptions. The tables summarize the data contained in the Sproule Report and as a result may contain slightly different numbers than such report due to rounding. Also due to rounding, certain columns may not add exactly. **The net present value of future net revenue attributable to the Corporation's reserves is stated without provision for interest costs and general and administrative costs, but after providing for estimated royalties, production costs, development costs, other income, future capital expenditures, and well abandonment costs for only those wells assigned reserves by Sproule. It should not be assumed that the undiscounted or discounted net present value of future net revenue attributable to the Corporation's reserves estimated by Sproule represent the fair market value of those reserves. Other assumptions and qualifications relating to costs, prices for future production and other matters are summarized herein. The recovery and reserve estimates of the Corporation's oil, NGLs and natural gas reserves provided herein are estimates only and there is no guarantee that the estimated reserves will be recovered. Actual reserves may be greater than or less than the estimates provided herein.**

The Sproule Report is based on certain factual data supplied by the Corporation and Sproule's opinion of reasonable practice in the industry. The extent and character of ownership and all factual data pertaining to the Corporation's petroleum properties and contracts (except for certain information residing in the public domain) were supplied by the Corporation to Sproule and accepted without any further investigation. Sproule accepted this data as presented and neither title searches nor field inspections were conducted. All statements relating to the activities of the Corporation for the year ended December 31, 2007 include a full year of operating data on the properties of the Corporation.

Summary of Oil and Natural Gas Reserves - Forecast Prices and Costs

	Gross Reserves				Net Reserves			
	Light and Medium Crude Oil	Heavy Crude	Natural Gas Liquids	Natural Gas	Light and Medium Crude Oil	Heavy Crude	Natural Gas Liquids	Natural Gas
	Mbbls	Mbbls	Mbbls	Mmcf	Mbbls	Mbbls	Mbbls	Mmcf
Proved								
Developed Producing	7.8	-	1	1,924	7.8	-	1.0	1,486
Developed Non-Producing	30.2	-	0.2	132	27.5	-	0.2	101
Undeveloped	19.9	-	0.0	54	17.2	-	-	30
Total Proved	57.9	-	1.3	2,110	52.5	-	1.3	1,616
Probable	58.1	-	0.9	1,444	49.8	-	0.9	1,124
Total Proved plus Probable	116.1	-	2.1	3,554	102.3	-	2.1	2,740

Net Present Value of Future Net Revenue - Forecast Prices and Costs

	Before Future Income Tax Expenses and Discounted at					Unit Value Before
	0%	5%	10%	15%	20%	Income Tax
	(M\$)	(M\$)	(M\$)	(M\$)	(M\$)	Discounted at
						10%/year
						(\$/BOE)
Proved						
Developed Producing	7,870	6,989	6,305	5,759	5,314	24.62
Developed Non-Producing	1,715	1,472	1,276	1,116	984	28.74
Undeveloped	873	735	624	535	461	28.24
Total Proved	10,457	9,195	8,205	7,410	6,759	25.44
Probable	8,660	6,923	5,733	4,879	4,240	24.11
Total Proved plus Probable	19,118	16,118	13,938	12,288	10,999	24.88

	After Future Income Tax Expenses and Discounted at				
	0%	5%	10%	15%	20%
	(M\$)	(M\$)	(M\$)	(M\$)	(M\$)
Proved					
Developed Producing	7,132	6,359	5,758	5,280	4,889
Developed Non-Producing	1,235	1,044	893	771	671
Undeveloped	629	521	435	366	309
Total Proved	8,996	7,924	7,086	6,416	5,869
Probable	6,357	5,040	4,141	3,499	3,020
Total Proved plus Probable	15,353	12,964	11,229	9,915	8,889

Additional Information Concerning Future Net Revenue - Undiscounted

Forecast Prices and Costs

	Revenue	Royalties	Operating Costs	Development Costs	Abandonment and Reclamation Costs	Future Net Revenue Before Income Taxes	Income Taxes	Future Net Revenue After Income Taxes
	(M\$)	(M\$)	(M\$)	(M\$)	(M\$)	(M\$)	(M\$)	(M\$)
Total Proved Reserves	19,578	3,521	4,541	843	215	10,457	1,461	8,996
Total Proved plus Probable	35,344	6,370	8,076	1,475	305	19,118	3,764	15,353

Future Net Revenue by Production Group - Forecast Prices and Costs

	Future Net Revenue Before Income Taxes and Discounted at 10%	Unit Value
	(M\$)	(\$/boe)
Proved		
Light and Medium Crude Oil ⁽¹⁾	1,989	29.24
Heavy Crude Oil ⁽¹⁾	-	-
Natural Gas ⁽²⁾	6,216	24.27
Proved plus Probable		
Light and Medium Crude Oil ⁽¹⁾	4,466	35.07
Heavy Crude Oil ⁽¹⁾	-	-
Natural Gas ⁽²⁾	9,473	21.88

Notes:

- (1) Including solution gas and other by-products.
(2) Including by-products, but excluding solution gas from oil wells.

Notes and Definitions

The determination of oil and gas reserves involves the preparation of estimates that have an inherent degree of associated uncertainty. Categories of proved, probable and possible reserves have been established to reflect the level of these uncertainties and to provide an indication of the probability of recovery.

The estimation and classification of reserves requires the application of professional judgment combined with geological and engineering knowledge to assess whether or not specific reserves classification criteria have been satisfied. Knowledge of concepts including uncertainty and risk, probability and statistics, and deterministic and probabilistic estimation methods is required to properly use and apply reserves definitions.

“**Reserves**” are estimated remaining quantities of oil and natural gas and related substances anticipated to be recoverable from known accumulations, from a given date forward, based on (a) analysis of drilling, geological, geophysical, and engineering data; (b) the use of established technology; and (c) specified economic conditions, which are generally accepted as being reasonable and shall be disclosed. Reserves are classified according to the degree of certainty associated with the estimates.

“**Proved**” reserves are those reserves that can be estimated with a high degree of certainty to be recoverable. It is likely that the actual remaining quantities recovered will exceed the estimated proved reserves.

“**Developed Producing**” reserves are those reserves that are expected to be recovered from completion intervals open at the time of the estimate. These reserves may be currently producing or, if shut-in, they must have previously been on production, and the date of resumption of production must be known with reasonable certainty.

“**Developed Non-Producing**” reserves are those reserves that either have not been on production, or have previously been on production, but are shut-in, and the date of resumption of production is unknown.

“**Undeveloped**” reserves are those reserves expected to be recovered from known accumulations where a significant expenditure (e.g., when compared to the cost of drilling a well) is required to render them capable of production. They must fully meet the requirements of the reserves classification (proved, probable, possible) to which they are assigned. In multi-well pools, it may be appropriate to allocate total pool reserves between the developed and undeveloped categories or to sub-divide the developed reserves for the pool between developed producing and developed non-producing. This allocation should be based on the estimator’s assessment as to the reserves that will be recovered from specific wells, facilities and completion intervals in the pool and their respective development and production status.

“**Probable**” reserves are those additional reserves that are less certain to be recovered than proved reserves. It is equally likely that the actual remaining quantities recovered will be greater or less than the sum of the estimated proved + probable reserves.

The following terms, used in the preparation of the Sproule Report (as defined herein) and this document, have the following meanings:

“**associated gas**” means the gas cap overlying a crude oil accumulation in a reservoir.

“**Corporation**” or “**Seaview**” means Seaview Energy Inc.

“**crude oil**” or “**oil**” means a mixture that consists mainly of pentanes and heavier hydrocarbons, which may contain sulphur and other non-hydrocarbon compounds, that is recoverable at a well from an underground reservoir and that is liquid at the conditions under which its volume is measured or estimated. It does not include solution gas or natural gas liquids.

“**development costs**” means costs incurred to obtain access to reserves and to provide facilities for extracting, treating, gathering and storing the oil and gas from the reserves. More specifically, development costs, including applicable operating costs of support equipment and facilities and other costs of development activities, are costs incurred to:

- (a) gain access to and prepare well locations for drilling, including surveying well locations for the purpose of determining specific development drilling sites, clearing ground, draining, road building, and relocating public roads, gas lines and power lines, to the extent necessary in developing the reserves;
- (b) drill and equip development wells, development type stratigraphic test wells and service wells, including the costs of platforms and of well equipment such as casing, tubing, pumping equipment and the wellhead assembly;
- (c) acquire, construct and install production facilities such as flow lines, separators, treaters, heaters, manifolds, measuring devices and production storage tanks, natural gas cycling and processing plants, and central utility and waste disposal systems; and
- (d) provide improved recovery systems.

“**development well**” means a well drilled inside the established limits of an oil or gas reservoir, or in close proximity to the edge of the reservoir, to the depth of a stratigraphic horizon known to be productive.

“**exploration costs**” means costs incurred in identifying areas that may warrant examination and in examining specific areas that are considered to have prospects that may contain oil and gas reserves, including costs of drilling exploratory wells and exploratory type stratigraphic test wells. Exploration costs may be incurred both before acquiring the related property (sometimes referred to in part as “prospecting costs”) and after acquiring the property. Exploration costs, which include applicable operating costs of support equipment and facilities and other costs of exploration activities, are:

- (a) costs of topographical, geochemical, geological and geophysical studies, rights of access to properties to conduct those studies, and salaries and other expenses of geologists, geophysical crews and others conducting those studies (collectively sometimes referred to as “geological and geophysical costs”);
- (b) costs of carrying and retaining unproved properties, such as delay rentals, taxes (other than income and capital taxes) on properties, legal costs for title defence, and the maintenance of land and lease records;
- (c) dry hole contributions and bottom hole contributions;
- (d) costs of drilling and equipping exploratory wells; and
- (e) costs of drilling exploratory type stratigraphic test wells.

“**exploratory well**” means a well that is not a development well, a service well or a stratigraphic test well.

“**field**” means an area consisting of a single reservoir or multiple reservoirs all grouped on or related to the same individual geological structural feature and/or stratigraphic condition. There may be two or more reservoirs in a field that are separated vertically by intervening impervious strata or laterally by local geologic barriers, or both. Reservoirs that are associated by being in overlapping or adjacent fields may be treated as a single or common operational field. The geological terms “structural feature” and “stratigraphic condition” are intended to denote localized geological features, in contrast to broader terms such as “basin”, “trend”, “province”, “play” or “area of interest”.

“**future prices and costs**” means future prices and costs that are:

- (a) generally accepted as being a reasonable outlook of the future;
- (b) if, and only to the extent that, there are fixed or presently determinable future prices or costs to which the Corporation issuer is legally bound by a contractual or other obligation to supply a physical product, including those for an extension period of a contract that is likely to be extended, those prices or costs rather than the prices and costs referred to in paragraph (a).

“**future income tax expenses**” means future income tax expenses estimated (generally, year-by-year):

- (a) making appropriate allocations of estimated unclaimed costs and losses carried forward for tax purposes, between oil and gas activities and other business activities;
- (b) without deducting estimated future costs (for example, Crown royalties) that are not deductible in computing taxable income;
- (c) taking into account estimated tax credits and allowances (for example, royalty tax credits); and
- (d) applying to the future pre-tax net cash flows relating to the reporting issuer’s oil and gas activities the appropriate year-end statutory tax rates, taking into account future tax rates already legislated.

“**future net revenue**” means the estimated net amount to be received with respect to the development and production of reserves (including synthetic oil, coal bed methane and other non-conventional reserves) estimated using or forecast prices and costs.

“**gross**” means:

- (a) in relation to the Corporation’s interest in production or reserves, its “company gross reserves”, which are its working interest (operating or non-operating) share before deduction of royalties and without including any royalty interests of the Corporation;
- (b) in relation to wells, the total number of wells in which the Corporation has an interest; and
- (c) in relation to properties, the total area of properties in which the Corporation has an interest.

“**natural gas**” means the lighter hydrocarbons and associated non-hydrocarbon substances occurring naturally in an underground reservoir, which under atmospheric conditions are essentially gases but which may contain natural gas liquids. Natural gas can exist in a reservoir either dissolved in crude oil (solution gas) or in a gaseous phase (associated gas or non-associated gas). Non-hydrocarbon substances may include hydrogen sulphide, carbon dioxide and nitrogen.

“**natural gas liquids**” means those hydrocarbon components that can be recovered from natural gas as liquids including, but not limited to, ethane, propane, butanes, pentanes plus, condensate and small quantities of non-hydrocarbons.

“**net**” means:

- (a) in relation to the Corporation’s interest in production or reserves its working interest (operating or non-operating) share after deduction of royalty obligations, plus the Corporation’s royalty interests in production or reserves;
- (b) in relation to the Corporation’s interest in wells, the number of wells obtained by aggregating the Corporation’s working interest in each of its gross wells; and
- (c) in relation to the Corporation’s interest in a property, the total area in which the Corporation has an interest multiplied by the working interest owned by the Corporation.

“**non-associated gas**” means an accumulation of natural gas in a reservoir where there is no crude oil.

“**operating costs**” or “**production costs**” means costs incurred to operate and maintain wells and related equipment and facilities, including applicable operating costs of support equipment and facilities and other costs of operating and maintaining those wells and related equipment and facilities.

“**production**” means recovering, gathering, treating, field or plant processing (for example, processing gas to extract natural gas liquids) and field storage of oil and gas.

“**property**” includes:

- (a) fee ownership or a lease, concession, agreement, permit, license or other interest representing the right to extract oil or gas subject to such terms as may be imposed by the conveyance of that interest;
- (b) royalty interests, production payments payable in oil or gas, and other non-operating interests in properties operated by others; and
- (c) an agreement with a foreign government or authority under which a reporting issuer participates in the operation of properties or otherwise serves as “producer” of the underlying reserves (in contrast to being an independent purchaser, broker, dealer or importer).

A property does not include supply agreements, or contracts that represent a right to purchase, rather than extract, oil or gas.

“**property acquisition costs**” means costs incurred to acquire a property (directly by purchase or lease, or indirectly by acquiring another corporate entity with an interest in the property), including:

- (a) costs of lease bonuses and options to purchase or lease a property;
- (b) the portion of the costs applicable to hydrocarbons when land including rights to hydrocarbons is purchased in fee;
- (c) brokers’ fees, recording and registration fees, legal costs and other costs incurred in acquiring properties.

“**proved property**” means a property or part of a property to which reserves have been specifically attributed.

“**reservoir**” means a porous and permeable underground formation containing a natural accumulation of producible oil or gas that is confined by impermeable rock or water barriers and is individual and separate from other reservoirs.

“**service well**” means a well drilled or completed for the purpose of supporting production in an existing field. Wells in this class are drilled for the following specific purposes: gas injection (natural gas, propane, butane or flue gas), water injection, steam injection, air injection, salt-water disposal, water supply for injection, observation, or injection for combustion.

“**solution gas**” means natural gas dissolved in crude oil.

“**stratigraphic test well**” means a drilling effort, geologically directed, to obtain information pertaining to a specific geologic condition. Ordinarily, such wells are drilled without the intention of being completed for hydrocarbon production. They include wells for the purpose of core tests and all types of expendable holes related to hydrocarbon exploration. Stratigraphic test wells are classified as (a) “exploratory type” if not drilled into a proved property; or (b) “development type”, if drilled into a proved property. Development type stratigraphic wells are also referred to as “evaluation wells”.

“**support equipment and facilities**” means equipment and facilities used in oil and gas activities, including seismic equipment, drilling equipment, construction and grading equipment, vehicles, repair shops, warehouses, supply points, camps, and division, district or field offices.

“**unproved property**” means a property or part of a property to which no reserves have been specifically attributed.

“**well abandonment costs**” means costs of abandoning a well (net of salvage value) and of disconnecting the well from the surface gathering system. They do not include costs of abandoning the gathering system or reclaiming the wellsite.

Pricing Assumptions - Forecast Prices and Costs

The Sproule Report used the following pricing, exchange rate and inflation rate assumptions as of December 31, 2007 in estimating Seaview’s reserves data using forecast prices and costs.

Year	CRUDE OIL			NATURAL GAS	NATURAL GAS LIQUIDS		Inflation (%)	US/CAN Exchange Rate (\$US/Cdn)
	WTI Crude Oil	Edmonton Par Price 40 ⁰ API Crude Oil	Cromer Medium 29.3 ⁰ API Crude Oil	Alberta AECO Gas Price	Pentanes Plus FOB Field Gate	Butanes FOB Field Gate		
	(\$US/Bbl)	(\$Cdn/Bbl)	(\$Cdn/Bbl)	(\$Cdn/mmbtu)	(\$Cdn/Bbl)	(\$Cdn/Bbl)		
(1)	(2)	(3)						
Forecast								
2008	89.61	88.17	75.83	6.51	90.30	65.72	2.0	1.000
2009	86.01	84.54	72.71	7.22	86.58	63.01	2.0	1.000
2010	84.65	83.16	71.52	7.39	85.17	61.98	2.0	1.000
2011	82.77	81.26	69.89	7.70	83.23	60.57	2.0	1.000
2012	82.26	80.73	69.43	7.61	82.68	60.17	2.0	1.000
2013	82.81	81.25	69.88	7.78	83.21	60.56	2.0	1.000
2014	84.46	82.88	71.28	7.96	84.88	61.78	2.0	1.000
2015	86.15	84.55	72.71	8.14	86.59	63.02	2.0	1.000
2016	87.87	86.25	74.17	8.32	88.33	64.28	2.0	1.000
2017	89.63	87.98	75.66	8.51	90.10	65.58	2.0	1.000
Thereafter	+2.0%/yr	+2.0%/yr	+2.0%/yr	+2.0%/yr	+2.0%/yr	+2.0%/yr	2.0	1.000

Notes:

- (1) West Texas Intermediate at Cushing Oklahoma 40 degrees API, 0.5% sulphur
- (2) Edmonton Light Sweet 40 degrees API, 0.3% sulphur
- (3) Comer Medium (29.3° degrees API Heavy stream)

The weighted average realized sales prices before hedging for the period ended December 31, 2007 were \$6.40/Mcf for natural gas and \$85.84/Bbl for crude oil.

Reconciliations of Changes in Reserves and Future Net Revenue

Reserves Reconciliation

The following table sets forth a reconciliation by country of Seaview's gross proved reserves, gross probable reserves and gross proved plus probable reserves at December 31, 2007 against such reserves as at December 31, 2006 based on forecast price and cost assumptions.

Canada

	Light and Medium Crude Oil			Associated and Non-Associated Gas		
	Total Proved Reserves	Probable Reserves	Total Proved Plus Probable	Total Proved Reserves	Probable Reserves	Total Proved Plus Probable
	(Mmcf)	(Mmcf)	(Mmcf)	(Mmcf)	(Mmcf)	(Mmcf)
December 31, 2006	-	-	-	-	-	-
Extensions	-	17.1	17.1	590	439	1,029
Improved recovery	-	-	-	-	-	-
Technical revisions	(40.6)	(24.8)	(65.5)	492	(34)	458
Discoveries	-	-	-	458	309	767
Acquisitions	99.0	65.9	164.9	545	633	1,178
Dispositions	-	-	-	-	-	-
Economic Factors	-	-	-	-	-	-
Production	(0.5)	-	(0.5)	(95)	-	(95)
December 31, 2007	57.9	58.2	116.1	1990	1347	3,337
	Natural Gas Solution			Natural Gas Liquids		
	Total Proved Reserves	Probable Reserves	Total Proved Plus Probable	Total Proved Reserves	Probable Reserves	Total Proved Plus Probable
	(Mmcf)	(Mmcf)	(Mmcf)	(Mmcf)	(Mmcf)	(Mmcf)
December 31, 2006	-	-	-	-	-	-
Extensions	-	-	-	-	-	-
Improved recovery	-	-	-	-	-	-
Technical revisions	(15)	(14)	-(29)	1.2	0.7	1.9
Discoveries	-	-	-	-	-	-
Acquisitions	136	111	247	-	-	-
Dispositions	-	-	-	-	-	-
Economic Factors	-	-	-	-	-	-
Production	(1)	-	(1)	-	-	-
December 31, 2007	120	97	217	1.2	0.7	0.9

Total BOE		
Total Proved Reserves	Probable Reserves	Total Proved Plus Probable
(MBOE)	(MBOE)	(MBOE)

December 31, 2006

Extensions	-	-	-
Improved recovery	98.3	90.3	188.6
Technical revisions	40.1	-32.1	8.0
Discoveries	76.3	51.5	127.8
Acquisitions	212.5	189.9	402.4
Dispositions	-	-	-
Economic Factors	-	-	-
Production	(16.5)	-	(16.5)

December 31, 2007 410.8 299.6 710.3

Undeveloped Reserves

The following discussion generally describes the basis on which Seaview attributes Proved and Probable Undeveloped Reserves and its plans for developing those Undeveloped Reserves.

Proved Undeveloped Reserves

Proved undeveloped reserves are generally those reserves related to wells that have been tested and not yet tied in, wells drilled near the end of the fiscal year or wells further away from Seaview gathering systems. In addition, such reserves may relate to planned infill drilling locations. The majority of these reserves are planned to be on stream within a two year timeframe.

The table below sets forth the proved undeveloped reserves volumes that were first attributed in 2006 and 2007.

Product Type	Units	Company Gross Reserves First Attributed By Year	
		2006	2007
Light & Medium Oil	Mbbl	-	19.9
Heavy Oil	Mbbl	-	-
Natural Gas	Mmcf	-	54
Natural Gas Liquids	Mbbl	-	-
Total: Oil Equivalent	MBOE	-	28.8

Probable Undeveloped Reserves

Probable undeveloped reserves are generally those reserves tested or indicated by analogy to be productive, infill drilling locations and lands contiguous to production. The majority of these reserves are planned to be onstream within a two year timeframe.

The table below sets forth the probable undeveloped reserves volumes that were first attributed in 2006 and 2007.

Product Type	Units	Company Gross Reserves First Attributed By Year	
		2006	2007
Light & Medium Oil	Mbbl	-	47.1
Heavy Oil	Mbbl	-	-
Natural Gas	Mmcf	-	81
Natural Gas Liquids	Mbbl	-	-
Total: Oil Equivalent	MBOE	-	60.6

Significant Factors or Uncertainties Affecting Reserve Data

The process of estimating reserves is complex. It requires significant judgments and decisions based on available geological, geophysical, engineering or economic data. These estimates may change substantially as additional data from ongoing development activities and production performance become available and as economic conditions impacting oil and gas prices and costs change. The reserve estimates contained herein are based on current production forecasts, prices and economic conditions. Seaview's reserves are evaluated by Sproule, an independent engineering firm.

As circumstances change and additional data become available, reserve estimates also change. Estimates made are reviewed and revised, either upward or downward, as warranted by the new information. Revisions are often required due to changes in well performance, prices, economic conditions and governmental restrictions.

Although every reasonable effort is made to ensure that reserve estimates are accurate, reserve estimation is an inferential science. As a result, the subjective decisions, new geological or production information and a changing environment may impact these estimates. Revisions to reserve estimates can arise from changes in year end oil and gas prices, and reservoir performance. Such revisions can either be positive or negative.

Future Development Costs

The table below sets out the development costs by country deducted in the estimation of future net revenue attributable to proved reserves (using forecasted prices and costs only) and proved plus probable reserves (using forecast prices and costs only).

Canada

	Forecast Prices and Costs	
	Proved Reserves (M\$)	Proved Plus Probable Reserves (M\$)
2008	843	1,475
2009	-	-
2010	-	-
2011	-	-
2012	-	-
Remaining Years	-	-
Total Undiscounted	843	1,475

Seaview typically has available three sources of funding to finance its capital expenditure program: internally generated cash flow from operations, debt financing when appropriate and new equity issues, if available on favourable terms.

Oil and Gas Properties

The following is a description of Seaview's principal oil and gas properties as at April 24, 2008. Unless otherwise stated, all production volumes in this section represent Seaview's gross interest.

The Corporation's principal oil and gas properties are located in the Peace River Arch area, Northwest of Grande Prairie, Alberta.

Peace River Arch Core Area

Seaview has initially focused its exploration and acquisition efforts in the Peace River Arch region encompassing the Balsam-Boundary Lake, Hamelin, Mulligan and Gordondale – Valhalla areas. The focus within these areas is characterized by multi-zone potential, natural gas and light oil drilling opportunities at shallow to moderate drilling depth (approximately 350 to 2,000 metres). Infrastructure is readily available and drilling access is "year-round" or near "year-round".

Going forward, Seaview intends to focus its efforts in building its presence in this area through the internal development of prospects, posting Crown acreage and attempting to secure acreage through farm-in agreements and other industry participation agreements. Largely opportunity driven, Seaview will also look at selective acquisitions of assets, including undeveloped land, in this area.

Gordondale – Valhalla Focus Areas

The Gordondale – Valhalla focus area is characterized by its multi-zone potential from reservoirs ranging from the Devonian Wabamun formation to shallow gas reservoirs within the Upper Cretaceous Doe Creek formation. Seaview is beginning the process of developing prospects in this area. To date, Seaview has acquired a section of prospective land through a crown land sale and completed the acquisition of 1276921 pursuant to the 1276921 Acquisition Agreement. Seaview is currently producing from 6 distinct stratigraphic zones in this area. The Corporation plans to drill an additional 4 to 6 wells in this area during the remainder of 2008. See "*General Development of the Business - History*".

Pursuant to the 1276921 Amalgamation Agreement, Seaview acquired 1276921's land base located in the Gordondale – Valhalla focus area. 1276921's land based was initially acquired pursuant to the Fairborne Agreement.

Pursuant to the Fairborne Agreement, 1276921 acquired an option on 39,840 gross acres (24,715 net acres). The target formations were the Cretaceous aged Doe Creek, Dunvegan, Notikewin and Gething formations targeting sweet natural gas reserves at depths of 350 to 1,800 metres. In addition to the shallow-medium depth gas reserves, potential also existed in the Triassic aged Charlie Lake, Halfway, Doig and Montney formations targeting primarily medium-light grade crude oil reserves at depths to 2,000 metres. The final area covered by the Fairborne Agreement was the Mississippian aged Kiskatinaw formation at average depths of 2,200 metres holds potential for exploration prospects targeting natural gas reserves.

In the second quarter of 2007, 1276921 commenced the initial phase of operations pursuant to the Fairborne Agreement. Pursuant to the New Resource Development Program of the Fairborne Agreement, 1276921 drilled 3 gross (1.2 net) wells in Gordondale area with a 100% success rate. As of October 17, 2007, 1276921 was required to drill a minimum of 4 additional locations to fulfill its commitments. Prior to the end of 2007 these locations were at various stages in preparation for drilling.

As of December 31, 2007, Gordondale was Seaview's only producing property with approximately 200 BOE/D from 5 gas wells and 1 oil well. The Corporation operates the producing wells in this area and the gas production is processed at two Spectra Energy Midstream operating gas plants.

Pouce Coupe Area

This property is situated along the Montney formation tight gas resource play fairway in northwest Alberta. Seaview has an average 45% working interest in 3,200 gross acres of land along this emerging play fairway. Seaview's interest lands

are favourably situated for the development of both the Upper Montney – Doig play as well as the lower Montney play. The Montney tight gas play is an exciting new resource play offering an attractive combination of low-risk exploration with high reserves potential.

At December 31, 2007, Seaview has drilled 3 (1.63 net) wells and has one additional well to drill to fulfill an earning commitment under farm-in agreements. Seaview’s strategy has been to earn a working interest position through farm-ins by drilling vertical exploration wells. Although the vertical wells are not significant producers, they have proven the resource potential of Seaview’s asset base in this area. Future development of the resource will occur through the use of horizontal drilling. Seaview is monitoring current industry activity and technology to determine the appropriate timing for Seaview to further develop this play.

Offset producers have begun to use horizontal drilling and advanced completion techniques resulting in attractive project economics for full development of the resource. Based on publicly available data, horizontal wells have initial production rates of 3 to 5 Mmcf/d compared to 0.5 to 0.75 Mmcf/d for the vertical producers. Assuming initial development of 2 horizontal wells per section, Seaview’s current asset would support 6 net horizontal development locations.

Drilling Activity and Location of Production and Wells

Oil and Gas Wells

The following table summarizes Seaview’s interest as at December 31, 2007 in wells that are producing and non-producing.

	Producing Wells				Non Producing Wells			
	Oil		Natural Gas		Oil		Natural Gas	
	Gross	Net	Gross	Net	Gross	Net	Gross	Net
Alberta	1.0	0.5	3.0	1.2	3.0	1.5	5.0	2.7
Total	1.0	0.5	3.0	1.2	3.0	1.5	5.0	2.7

Notes:

- (4) “Gross” refers to all wells in which Seaview has either a working interest or a royalty interest.
- (5) “Net” refers to the aggregate of the percentage working interests of Seaview in the gross wells before deduction of royalties.
- (6) “Non-producing wells” refers to wells which have encountered and are capable of producing crude oil or natural gas but which are not producing due to lack of available transportation facilities, available markets or other reasons. Non-producing wells in which Seaview has an interest are located no further than 10 kilometres from existing pipelines.

Properties with No Attributed Reserves

The following table summarizes the gross and net acres of unproved properties in which Seaview has an interest and also the number of net acres for which Seaview’s rights to explore, develop or exploit will, absent further action, expire within one year.

	Gross Undeveloped Acres	Net Undeveloped Acres	Net Acres Expiring Within One Year
Gordondale, Alberta	5,920	2,977	384
Total	5,920	2,977	384

Notes:

- (1) “Gross Acres” means the total number of acres in which Seaview has an interest.
- (2) “Net Acres” means the aggregate of the percentage working interest of Seaview in the gross acres.

Forward Contracts

The Corporation did not enter into any financial instruments during the financial year ended December 31, 2007. However, the Corporation has entered into the following financial instruments subsequent to December 31, 2007.

Product	Contract	Volume	Pricing Point	Price	Cost/Premium	Term
Natural Gas	Fixed Price Swap	500 GJ/D	AECO Daily	7.83/GJ	-	April 1, 2008 - March 31, 2009
Natural Gas	Put ⁽¹⁾	1,000 GJ/D	AECO Monthly	7.57/GJ	0.82/GJ	April 1, 2008 - March 31, 2009

Note:

- (1) Became an obligation of Seaview in connection with the acquisition of 1332915.

Additional Information Concerning Abandonment and Reclamation Costs

The Corporation did not incur well abandonment costs in 2007. The Corporation estimates well abandonment costs area by area. Abandonment costs discussed herein include estimated decommissioning, abandonment, remediation and reclamation expenses. Such costs are included in the Sproule Report as deductions in arriving at future net revenue. The expected total abandonment costs included in the Sproule Report (forecast pricing) under the total proved reserves category for 17 gross wells (8.7 net Seaview wells) is \$305,000 undiscounted (\$119,000 discounted at 10%), of which a total of Nil, Nil and \$34,000 (all undiscounted) is estimated to be incurred in 2008, 2009 and 2010, respectively. The abandonment costs included in the Sproule Report represent downhole abandonment costs net of salvage of wellhead equipment and does not include expected reclamation costs for 17 surface leases of \$255,000 undiscounted (\$130,000 discounted at 10%). Expected future abandonment costs related to facilities are expected to match the salvage value recovery.

Tax Horizon

The Corporation was not required to pay income taxes during the year ended December 31, 2007. Taxes payable beyond 2007 will become a function of commodity prices, production volumes and capital expenditures. Based on a strategy of re-investing fully all internally generated cash flow in an exploration and development program and based on the commodity prices used in the Sproule Report, the Corporation estimates that it will not be required to pay income taxes until after 2008.

Costs Incurred

The following tables summarize by country Seaview's property acquisition costs, exploration costs and development costs for the year ended December 31, 2007.

Canada

	Property Acquisition Costs		Exploration Costs	Development Costs
	Proved Properties	Unproved Properties		
Total (\$ thousands)	13,052.00	233.00	2,313.70	189.30

Drilling Activity

The following tables summarize by country the gross and net exploration and development wells in which Seaview participated during the year ended December 31, 2007.

Canada

	Exploratory Wells		Development Wells	
	Gross	Net	Gross	Net
Oil	-	-	1.0	0.5
Gas	5.0	3.1	1.0	0.2
Service Wells	-	-	-	-
Dry Wells	-	-	-	-
Total	5.0	3.1	2.0	0.7

Notes:

- (1) "Gross" wells means all wells in which Seaview has a working interest.
(2) "Net" wells refer to the aggregate of the percentage working interests on Seaview in the gross wells before the deduction of royalties.

Production History

The following tables disclose by country, on a quarterly basis for the year ended December 31, 2007, the Corporation's share of average daily production volume, prior to royalties, and the prices received, royalties paid, production costs incurred and netbacks on a per unit of volume basis for each product type.

Canada

Average Daily Production Volume

	Three Months Ended				Total
	March 31, 2007	June 30, 2007	Sept. 30, 2007	Dec. 31, 2007	
Natural gas (Mcf/d)	-	-	-	858	216
Light and Medium Crude Oil (Bbl/d)	-	-	-	7	2
NGL (Bbl/d)	-	-	-	1	-
Total (BOE/D)	-	-	-	151	38

Prices Received, Royalties Paid, Production Costs and Netback – Light and Medium Crude Oil and NGLs

(\$ per Bbl)	Three Months Ended				Total
	March 31, 2007	June 30, 2007	Sept. 30, 2007	Dec. 31, 2007	
Prices Received	-	-	-	73.05	73.05
Royalties Paid	-	-	-	2.33	2.33
Production Costs	-	-	-	83.69	83.69
Transportation Costs	-	-	-	1.18	1.18
Netback	-	-	-	(14.12)	(14.12)

Prices Received, Royalties Paid, Production Costs and Netback – Natural Gas

(\$ per Mcf)	Three Months Ended				Total
	March 31, 2007	June 30, 2007	Sept. 30, 2007	Dec. 31, 2007	
Prices Received	-	-	-	6.40	6.40
Royalties Paid	-	-	-	1.64	1.64
Production Costs	-	-	-	1.20	1.20
Transportation Costs	-	-	-	0.20	0.20
Netback	-	-	-	3.36	3.36

Production Volume by Field

The following table discloses for each important field, and in total, the Corporation's production volumes for the financial year ended December 31, 2007 for each product type.

Field	Light and Medium Crude Oil (Bbls/d)	Natural Gas (Mcf/d)	Natural Gas Liquids (Bbls/d)	BOE (BOE/D)	%
Gordondale, Alberta	2	216	-	38	100%
Total	2	216	-	38	100%

Production Estimates

The following tables disclose by country for each product type the total volume of production estimated by Sproule for 2008 (forecast pricing) in the estimates of gross proved reserves and gross probable reserves disclosed above under the heading "Oil and Natural Gas Reserves and Net Present Value of Future Net Revenue".

Canada

Field	Light and Medium Crude Oil (Bbls/d)	Natural Gas (Mcf/d)	Natural Gas Liquids (Bbls/d)	BOE (BOE/D)	%
Gordondale, Alberta	53	1,884	-	367	88%
Pouce Coupe, Alberta	-	308	-	52	12%
Total	53	2,192	-	419	100%

DIVIDEND POLICY

The Corporation has not declared or paid any dividends since its incorporation. The Corporation does not intend to pay dividends on its Class A Shares or Class B Shares in the foreseeable future. The future payment of dividends will depend on the earnings and financial condition of the Corporation and such other factors as the board of directors of the Corporation consider appropriate.

DESCRIPTION OF SHARE CAPITAL

Class A Shares

Seaview has an unlimited number of Class A Shares authorized. As at the date hereof, there are 27,122,257 fully paid and non-assessable Class A Shares issued and outstanding. The holders of Class A Shares are entitled to dividends if, as and when declared by the board of directors pro-rata with the Class B Shares; to one vote per share at any meeting of the shareholders of Seaview; and upon liquidation to receive, pro-rata with the Class B Shares, all assets of Seaview as are distributable to the holders of shares.

Class B Shares

Seaview also has an unlimited number of Class B Shares authorized. As at the date hereof, there are 1,053,540 fully paid and non-assessable Class B Shares issued and outstanding. The holders of Class B Shares are entitled to one vote per share at any meeting of the shareholders of Seaview. The holders of Class B Shares are entitled to dividends, if, as and when declared by the board of directors, pro-rata with the Class A Shares, and upon liquidation to receive, pro-rata with the Class A Shares, all assets of Seaview as are distributable to the holders of shares.

The Class B Shares will be convertible, at the option of Seaview, at any time after June 1, 2010 and before May 31, 2012 into Class A Shares. The number of Class A Shares obtained upon conversion of each Class B Share will be equal to

\$10.00 divided by the greater of \$1.00 and the Current Market Price of the Class A Shares at the effective date of conversion.

If Seaview fails to exercise the option to convert the Class B Shares into Class A Shares by the close of business on May 31, 2012, then the Class B Shares shall be convertible, at the option of the shareholder, at any time after June 1, 2012 and before June 30, 2012 into Class A Shares. The number of Class A Shares obtained upon conversion of each Class B Share will be equal to \$10.00 divided by the greater of \$1.00 and the Current Market Price of the Class A Shares at the effective date of conversion. Any Class B Shares outstanding at the close of business on June 30, 2012 shall be automatically converted into Class A Shares. The number of Class A Shares obtained upon conversion of each Class B Share will be equal to \$10.00 divided by the greater of \$1.00 and the Current Market Price of the Class A Shares at the effective date of conversion.

The conversion option may be exercised by shareholders by notice in writing given to Olympia Trust Company, the transfer agent of Seaview, accompanied by the share certificate or certificates representing the Class B Shares in respect of which the holder desires to exercise such conversion privilege.

MARKET FOR SECURITIES

Trading Price and Volume

On October 23, 2007, the Class A Shares and Class B Shares of the Corporation were listed and posted for trading on the TSXV under the symbols “CVU.A” and “CVU.B”, respectively. The following table sets forth the price range and trading volume of these securities as reported by the TSXV for the period October 23, 2007 to December 31, 2007:

Month	Class A Shares			Class B Shares		
	High	Low	Volume	High	Low	Volume
October 23 to 31, 2007	-	-	400	-	-	-
November, 2007	\$1.95	\$1.25	19,400	\$2.65	\$2.35	1,900
December, 2007	\$1.60	\$1.52	1,500	\$2.65	\$2.50	2,250

ESCROWED SECURITIES

Pursuant to an agreement (the “Escrow Agreement”) dated October 9, 2007 among Seaview, Olympia Trust Company and certain of the current shareholders (including all of the directors and officers who hold Class A Shares), the following securities of Seaview are held in escrow:

Designation of Class Held in Escrow	Number of Securities	Percentage of Class Outstanding
Class A Shares	7,294,200	27%

Ten (10%) percent of such Class A Shares were released from escrow on October 22, 2007, upon receipt of notice from the TSX Venture Exchange confirming the listing of the Class A Shares on the TSX Venture Exchange. The remaining ninety (90%) percent of such Class A Shares will be released from escrow in fifteen per cent (15%) tranches during consecutive six month intervals over a 36 month period following receipt of such notice. The dates the Class A Shares will be released from escrow will be: April 22, 2008, October 22, 2008, April 22, 2009, October 22, 2009, April 22, 2010 and October 22, 2010. The above escrow release schedule is subject to acceleration in accordance with National Policy 46-201 – “Escrow for Initial Public Offerings” of the Canadian Securities Administrators and the policies of the TSX Venture Exchange in the event that Seaview subsequently meets certain listing requirements.

DIRECTORS AND OFFICERS

The names, municipality of residence and principal occupation during the last five years of each of the directors and senior officers of the Corporation are as follows:

Name and Place of Residence	Principal Occupation During The Last Five Years	Position Held with the Corporation
Michael J.J. Wuetherick Calgary, Alberta Canada	President, Chief Executive Officer and Director of the Corporation Chief Operating Officer of Signal Energy Inc. President and Chief Executive Officer of Capture Energy Ltd. Team Leader and Manager – Business Development of Rio Alto Exploration Ltd.	President, Chief Executive Officer and Director
Stephanie A. Bunch Calgary, Alberta Canada	Vice-President, Finance and Chief Financial Officer of the Corporation Manager, Special Projects of Canetic Resources Trust Manager, Special Projects, Business Development of Acclaim Energy Trust Treasurer of Acclaim Energy Trust Controller of Ketch Energy Ltd.	Vice-President, Finance and Chief Financial Officer
H. Scott Oldale Calgary, Alberta Canada	Vice President, Exploration, Chief Operating Officer and Director of the Corporation President of Benacadie Energy Ltd. Vice President, Exploration of Stride Energy Director, Exploration and Director, Business Development at Ketch Energy Ltd.	Vice President, Exploration, Chief Operating Officer and Director
Davin Chandler Calgary, Alberta Canada	Vice President, Engineering of the Corporation President of Stride Energy Ltd.	Vice President, Engineering
Timothy L. Campbell Calgary, Alberta Canada	Vice President, Land of the Corporation Vice President, Land for Signal Energy Inc. Vice President, Land & Corporate Development for Hawker Resources Inc. President, FarPoint Energy	Vice President, Land
Sanjib Gill Calgary, Alberta Canada	Partner, McCarthy Tétrault LLP Associate, Donahue LLP	Corporate Secretary
Paul Colborne ^{(1),(3)} Calgary, Alberta Canada	Chairman of the Board of Tristar Oil & Gas Ltd. President of StarValley Oil and Gas Ltd. President and Chief Executive Officer of StarPoint Energy Ltd. President and Chief Executive Officer of Crescent Point Energy Ltd.	Director
Gregory G. Turnbull ^{(2),(4)} Calgary, Alberta Canada	Regional Managing Partner, McCarthy Tétrault LLP Partner, Donahue LLP	Director
James B. Howe ^{(1),(4)} Calgary, Alberta Canada	President of Bragg Creek Financial Consultants Ltd.	Director

Name and Place of Residence	Principal Occupation During The Last Five Years	Position Held with the Corporation
Steven R. VanSickle ^{(1),(2),(3)} Calgary, Alberta Canada	President and Chief Executive Officer of Fairborne Energy Trust Vice President, Exploration of Fairborne Energy Ltd.	Director
Daryl Gilbert ^{(2),(4)} Calgary, Alberta Canada	Retired since early 2005 President and Chief Executive Officer of Gilbert Lautsen Jung Associates Ltd.	Director

Notes:

- (1) Member of the Audit Committee.
- (2) Member of the Reserves and Environment Committee.
- (3) Member of the Compensation Committee.
- (4) Member of the Corporate Governance Committee.

Michael J.J. Wuetherick has been a director of Seaview since December 13, 2006, and Messrs. Oldale, Colborne, Turnbull, Howe, VanSickle and Gilbert have been directors of Seaview since June 15, 2007. The term of office of all directors will expire at the next annual meeting of the shareholders of Seaview.

As of April 24, 2008 the directors, officers and senior management of the Corporation, as a group, beneficially own, directly or indirectly, 10,821,386 Class A Shares of the Corporation and 172,800 Class B Shares of the Corporation, or approximately 39.90% of the issued and outstanding Class A Shares and 16.40% of the issued and outstanding Class B Shares.

Each of Messrs. Wuetherick, Oldale, Campbell and Chandler and Ms. Bunch devotes his or her full time and attention to the business and affairs of Seaview. The other directors of Seaview will devote their time and attention to the affairs of Seaview as required.

Cease Trade Orders

No director, executive officer or shareholder holding a sufficient number of securities to affect materially the control of Seaview is, as of the date of this Annual Information Form, or has been, within the last 10 years, been a director or executive officer of any company (including Seaview) that, while such person was acting in that capacity, was the subject of a cease trade or similar order or an order that denied the company access to any statutory exemption for a period of more than 30 consecutive days or was declared a bankrupt or made a voluntary assignment in bankruptcy, made a proposal under any legislation relating to bankruptcy or been subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver-manager or trustee appointed to hold the assets of that person.

Penalties or Sanctions

No director, executive officer or shareholder holding a sufficient number of securities to affect materially the control of Seaview, within the last 10 years, has been subject to any penalties or sanctions imposed by a court or securities regulatory authority relating to trading in securities, promotion or management of a publicly traded issuer or theft or fraud.

Personal Bankruptcies

No director, executive officer or shareholder holding a sufficient number of securities to affect materially the control of Seaview, or a personal holding company of any such persons, has, within the 10 years preceding the date of this Annual Information Form, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or being subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold the assets of the individual.

Conflicts of Interest

Circumstances may arise where members of the board of directors of the Corporation are directors or officers of corporations which are in competition to the interests of the Corporation. No assurances can be given that opportunities identified by such board members will be provided to the Corporation. There are potential conflicts of interest to which the directors and officers of Seaview will be subject in connection with the operations of Seaview. In particular, certain of the directors and officers of Seaview are involved in managerial and/or director positions with other oil and gas companies and trusts whose operations may, from time to time, be in direct competition with those of Seaview or with entities which may, from time to time, provide financing to, or make equity investments in, competitors of Seaview. Conflicts, if any, will be subject to the procedures and remedies available under the ABCA. The ABCA provides that in the event that a director has an interest in a contract or proposed contract or agreement, the director shall disclose his interest in such contract or agreement and shall refrain from voting on any matter in respect of such contract or agreement unless otherwise provided by the ABCA.

PROMOTERS

Messrs. Wuetherick and Oldale are considered to be promoters of the Corporation in that they took the initiative in founding and organizing the Corporation. Messrs. Wuetherick and Oldale currently own or control 3,532,625 Class A Shares (16.72%) and own or control 31,500 Class B Shares (2.99%). Messrs. Wuetherick and Oldale have 114,000 and 114,000 options to purchase Class A Shares outstanding, respectively.

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

To the knowledge of the Corporation, there are no legal proceedings or regulatory actions material to the Corporation to which the Corporation is a party, or was a party to in 2007, or of which any of its properties is the subject matter, or was the subject matter of in 2007, nor are there any such proceedings known to the Corporation to be contemplated. There have been no penalties or sanctions imposed against the Corporation by a court relating to securities legislation or by a securities regulatory authority and the Corporation has not entered into any settlement agreements with a court or securities regulatory authority.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

None of the directors, officers or principal shareholders of Seaview and no associate or affiliate of any of them, has or has had any material interest in any transaction or any proposed transaction which materially affects Seaview or any of its affiliates.

TRANSFER AGENT AND REGISTRAR

Transfer agent and registrar for the Class A Shares and the Class B Shares of the Corporation is Olympia Trust Company at its office in Calgary, Alberta.

MATERIAL CONTRACTS

Other than as set forth below, Seaview did not enter into any material contracts during the most recently completed financial year or, before the most recently completed financial year, that are still in effect:

1. Escrow Agreement dated October 9, 2007 among Seaview, Olympia Trust Company and certain of the current shareholders, including all of the directors and officers who hold Class A Shares, as more particularly described under the heading "*Escrowed Securities*";
2. the Fairborne Agreement; and
3. the 1276921 Amalgamation Agreement.

Copies of these agreements, when executed, may be inspected at the head office of Seaview at 1670, 700 – 2nd Street S.W., Calgary, Alberta, T2P 2W1, at the offices of McCarthy Tétrault LLP, in Calgary at 3300, 421 – 7th Avenue S.W., Calgary, Alberta T2P 4K9 and in Toronto at Suite 4700, Toronto Dominion Bank Tower, Toronto, Ontario M5K 1E6.

Copies of these documents as well as additional information relating to the Corporation contained in documents filed by the Corporation with the Canadian securities regulatory authorities may also be accessed through the SEDAR website at www.sedar.com.

INTERESTS OF EXPERTS

There is no person or company whose profession or business gives authority to a statement made by such person or company and who is named as having prepared or certified a statement, report or valuation described or included in a filing, or referred to in a filing, made under NI 51-102 - *Continuous Disclosure Obligations* by the Corporation during, or related to, the Corporation's most recently completed financial year other than Sproule, the Corporation's independent engineering evaluator. As at the date hereof, to the knowledge of management of the Corporation, none of the aforementioned persons or companies, or principals thereof, had any registered or beneficial interests, direct or indirect, in any securities or other property of the Corporation or of our associates or affiliates either at the time they prepared the statement, report or valuation prepared by it, at any time thereafter or to be received by them.

In addition, the audited financial statements of Seaview for the year ended December 31, 2007 were audited by KPMG LLP. KPMG LLP is independent in accordance with the Rules of Professional Conduct of the Institute of Chartered Accountants of Alberta.

AUDIT COMMITTEE

The purpose of Seaview's Audit Committee is to provide assistance to the Board of Directors of Seaview in fulfilling its legal fiduciary obligations with respect to matters involving the accounting, auditing, financial reporting, internal control and legal compliance functions of the Corporation. It is the objective of the Audit Committee to maintain a free and open means of communications among the Board of Directors of Seaview, the independent auditors and the financial and senior management of the Corporation.

The full text of the Audit Committee's Charter is included as Appendix "C" to this Annual Information Form.

Composition of the Audit Committee

The Audit Committee is comprised of Paul Colborne, James B. Howe and Steven R. VanSickle. Each of the members of the Audit Committee is financially literate under Section 1.5 of Multilateral Instrument 52-110 ("MI 52-110"). All members of the Audit Committee are independent as such term is described under Section 1.4 of MI 52-110.

Relevant Education and Experience

Paul Colborne

Mr. Colborne is a director of Seaview. Mr. Colborne is currently the Chairman of the Board of Tristar Oil & Gas Ltd. and President of StarValley Oil and Gas Ltd. From September 2003 to January 2006, Mr. Colborne was the President and Chief Executive Officer of StarPoint Energy Ltd. From October, 2001 to August, 2003, Mr. Colborne was the President and Chief Executive Officer of Crescent Point Energy Ltd., a Calgary based junior oil and gas exploration and production company whose shares were listed on the TSX. Under Mr. Colborne's leadership, Crescent Point grew from a start-up with no production to a company with production in excess of 7,000 boe/d in less than two years.

From 1993 to February, 2001, Mr. Colborne was the President and Chief Executive Officer of Startech Energy Inc., a Calgary based intermediate oil and gas exploration and production company whose shares were listed on the TSX and on NASDAQ. Under Mr. Colborne's leadership and direction, Startech grew from two employees and production of 120 boe/d to more than 100 employees and production of over 15,000 boe/d in 2000.

Prior to joining Startech, Mr. Colborne was employed as a corporate finance and oil and gas lawyer with Wascana Energy Inc. and Husky Oil Ltd. and, prior to that, he was an associate with the Calgary law firm of Parlee McLaws.

A graduate of the University of Calgary, Mr. Colborne holds a Bachelor of Laws degree and a Bachelor of Arts degree in economics. Mr. Colborne is a Director of a number of publicly traded companies and income trusts.

James B. Howe

Mr. Howe is a director of Seaview. Mr. Howe is a Chartered Accountant and has been the President of Bragg Creek Financial Consultants Ltd. since 1982. Mr. Howe is a director of various public companies including Pason Systems Ltd., Ensign Energy Services Ltd., Wrangler West Energy Inc., Stylus Energy Inc., and Avery Resources Inc. Mr. Howe has been Vice President, Finance of numerous publicly traded companies as well, including Carrise Resources Ltd., Bonavista Petroleum Ltd., Kintail Energy Inc., Nycan Energy Corp., and Kinloch Resources Inc.

Mr. Howe graduated from the University of Western Ontario with a Bachelor of Arts (Honours) in Business Administration in 1973.

Steven R. VanSickle

Mr. VanSickle is a director of Seaview. Mr. VanSickle has an extensive background in the oil and gas industry both in Canada and internationally. Mr. VanSickle has been involved in exploration, production, strategic planning and portfolio management in the oil and gas industry for the past 22 years.

From 2007, Mr. VanSickle has been the President and Chief Executive Officer of Fairborne Energy Trust. From 2002 to 2005, Mr. VanSickle was the Vice President, Exploration of Fairborne Energy Ltd., the predecessor of Fairborne Energy Trust. From 1999 to 2002, Mr. VanSickle was part of the executive team which founded Canadian Midstream Services Ltd. and was Vice President, Business Development until the company was sold to Duke Energy Field Services in the spring of 2001. Mr. VanSickle was the Vice President of Business Development for Duke Energy Field Services in Canada.

Mr. VanSickle began his career as an exploration geologist with Amoco Canada in Calgary. In 1992-93, Mr. VanSickle attended Amoco's Petrophysics training school in Tulsa, Oklahoma and in 1995 was transferred to Houston, where he held a variety of positions, including Exploration Coordinator – Trinidad and Exploration Manager – Angola. In 1998, Mr. VanSickle joined Pan East Petroleum Corp. which was sold in November 1998.

Mr. VanSickle received his B.Sc. in Geology from McMaster University in 1986 and attended the Kellogg Executive Development Program in 1997.

Pre-Approval Policies and Procedures

The Audit Committee has the authority to pre-approve non-audit services which may be required from time to time. See the *Other Responsibilities* provisions of the Audit Committee Charter attached as Appendix C to this Annual Information Form.

Audit Fees

The aggregate fees billed by the Corporation's external auditor for audit services during the fiscal year ended December 31, 2007 were \$35,000.

Audit-Related Fees

The aggregate fees billed by the Corporation's external auditor for the quarterly reviews of the Corporation's financial statements during the fiscal year ended December 31, 2007 were \$7,500.

Tax Fees

The aggregate fees billed by the Corporation's external auditor for professional services including tax compliance, tax advice and tax planning during the fiscal year ended December 31, 2007 were \$2,900.

All other Fees

The aggregate fees billed by the Corporation's external auditor for assurance services on private placements, business acquisition reports, prospectus and due diligence procedures during the fiscal year ended December 31, 2007 were \$69,000.

ADDITIONAL INFORMATION

Additional information, including directors' and officers' remuneration and indebtedness, principal holders of Class A Shares and securities authorized for issuance under equity compensation plans, is contained in the Corporation's Information Circular for the most recent annual meeting of shareholders that involved the election of directors.

Additional financial information is provided for in our financial statements and management's discussion and analysis for the year ended December 31, 2007. Documents affecting the rights of securityholders, along with other information relating to the Corporation, may be found on SEDAR at www.sedar.com and on the Corporation's website at www.seaviewenergy.com.

APPENDIX A

**REPORT ON RESERVES DATA BY
INDEPENDENT QUALIFIED RESERVES EVALUATOR OR AUDITOR**

Terms to which a meaning is ascribed in National Instrument 51-101 have the same meaning herein.

To the board of directors of Seaview Energy Inc. (the “Company”):

1. We have prepared an evaluation of the Company’s Reserves Data as at December 31, 2007. The reserves data are estimates of proved reserves and probable reserves and related future net revenue as at December 31, 2007, estimated using forecast prices and costs.
2. The Reserves Data are the responsibility of the Company’s management. Our responsibility is to express an opinion on the Reserves Data based on our evaluation.

We carried out our evaluation in accordance with standards set out in the Canadian Oil and Gas Evaluation Handbook (the “COGE Handbook”) prepared jointly by the Society of Petroleum Evaluation Engineers (Calgary Chapter) and the Canadian Institute of Mining, Metallurgy & Petroleum (Petroleum Society).

3. Those standards require that we plan and perform an evaluation to obtain reasonable assurance as to whether the reserves data are free of material misstatement. An evaluation also includes assessing whether the reserves data are in accordance with principles and definitions in the COGE Handbook.
4. The following table sets forth the estimated future net revenue (before deduction of income taxes) attributed to proved plus probable reserves, estimated using forecast prices and costs and calculated using a discount rate of 10 percent, included in the reserves data of the Company evaluated by us for the year ended December 31, 2007, and identifies the respective portion thereof that we have audited, evaluated and reviewed and reported on to the Company’s management and Board of Directors.

Independent Qualified Reserves Evaluator or Auditor	Description and Preparation Date of Evaluation Report	Location of Reserves (Country)	Net Present Value of Future Net Revenue Before Income Taxes (10% Discount Rate)			
			Audited (M\$)	Evaluated (M\$)	Reviewed (M\$)	Total (M\$)
Sproule	Evaluation of the P&NG Reserves of Seaview Energy Inc. As of December 31, 2007, prepared January to March 2008	Canada	Nil	13,198	Nil	13,938
Total			Nil	13,938	Nil	13,938

5. In our opinion, the reserves data evaluated by us have, in all material respects, been determined and presented in accordance with the COGE Handbook.
6. We have no responsibility to update our reports referred to in paragraph 4 for events and circumstances occurring after its preparation date.

7. Because the reserves data are based on judgements regarding future events, actual results will vary and the variations may be material. However, any variations should be consistent with the fact that reserves are categorized according to the probability of their recovery.

Executed as to our report referred to above.

Sproule Associated Limited., Calgary, Alberta, Canada, March, 13, 2008.

(signed) "*Gary R. Finnis*"

Gary R. Finnis, P. Eng
Associate

(signed) "*Michael W. Maughan*"

Michael W. Maughan, C.P.G., P. Geol
Vice-President, Geoscience

(signed) "*Robert N. Johnson*"

Robert N. Johnson, P. Eng.
Vice-President, Engineering

APPENDIX B

REPORT OF MANAGEMENT AND DIRECTORS ON RESERVES DATA AND OTHER INFORMATION

Terms to which a meaning is ascribed in National Instrument 51-101 have the same meaning herein.

Management of Seaview Energy Inc. (the "Company") are responsible for the preparation and disclosure, or arranging for the preparation and disclosure of information with respect to the Company's oil and gas activities in accordance with securities regulatory requirements. This information includes reserves data which are estimates of the proved reserves and probable reserves and related future net revenue as at December 31, 2007, estimated using forecast prices and costs.

Independent qualified reserves evaluators have evaluated and reviewed the Company's reserves data. The report of the independent qualified reserves evaluators is presented in the Annual Report of Seaview Energy Inc. for the year ended December 31, 2007.

The Reserves Committee of the Board of Directors of the Company has:

- (a) reviewed the Company's procedures for providing information to the independent qualified reserves evaluators;
- (b) met with the independent qualified reserves evaluator(s) to determine whether any restrictions affected the ability of the independent qualified reserves evaluators to report without reservation; and
- (c) reviewed the reserves data with management and the independent qualified reserves evaluators.

The Reserves Committee of the Board of Directors has reviewed the Company's procedures for assembling and reporting other information associated with oil and gas activities and has reviewed that information with Management. The Board of Directors has, on the recommendation of the Reserves Committees approved:

- (a) the content and filing with securities regulatory authorities of Form 51-101F1 containing reserves data and other oil and gas information;
- (b) the filing of Form 51-101F2 which is the report of the independent qualified reserves evaluator(s) on the reserves data; and
- (c) the content and filing of this report.

Because the reserves data are based on judgements regarding future events, actual results will vary and the variations may be material. However, any variations should be consistent with the fact that reserves are categorized according to the probability of their recovery.

(signed) "*Michael J.J. Wuetherick*"

Michael J.J. Wuetherick

President, Chief Executive Officer and Director

(signed) "*H. Scott Oldale*"

H. Scott Oldale

Vice President, Exploration, Chief Operating Officer and
Director

(signed) "*Daryl Gilbert*"

Daryl Gilbert

Director

(signed) "*Gregory Turnbull*"

Gregory Turnbull

Director

April 24, 2008

APPENDIX C

SEAVIEW ENERGY INC.

AUDIT COMMITTEE

TERMS OF REFERENCE

I. The Board of Directors' Mandate for the Audit Committee

1. *The Board of Directors* ("Board") has responsibility for the stewardship of Seaview Energy Inc. (the "Corporation"). To discharge that responsibility, the Board is obligated by the *Business Corporations Act* (Alberta) to supervise the management of the business and affairs of the Corporation. The Board's supervisory function involves Board oversight or monitoring of all significant aspects of the management of the Corporation's business and affairs.

Public financial reporting and disclosure by the Corporation are fundamental to the Corporation's business and affairs and to its status as a publicly listed enterprise. The objective of the Board's monitoring of the Corporation's financial reporting and disclosure is to gain reasonable assurance of the following:

- (a) that the Corporation complies with all applicable laws, regulations, rules, policies and other requirements of governments, regulatory agencies and stock exchanges relating to financial reporting and disclosure;
- (b) that the accounting principles, significant judgements and disclosures which underlie or are incorporated in the Corporation's financial statements are appropriate in the prevailing circumstances;
- (c) that the Corporation's quarterly and annual financial statements are accurate within a reasonable level of materiality and present fairly the Corporation's financial position and performance in accordance with generally accepted accounting principles; and
- (d) that appropriate information concerning the financial position and performance of the Corporation is disseminated to the public in a timely manner in accordance with corporate and securities law and with stock exchange regulations.

The Board is of the view that monitoring of the Corporation's financial reporting and disclosure policies and procedures cannot be reliably met unless the following activities ("the Fundamental Activities") are, in all material respects, conducted effectively:

- (i) the Corporation's accounting functions are performed in accordance with a system of internal financial controls designed to capture and record properly and accurately all of the Corporation's financial transactions and consistent with internal financial controls implemented by companies of similar size and peer group as the Corporation;
- (ii) the internal financial controls are regularly assessed for effectiveness and efficiency consistent with assessments performed by companies of similar size and peer group as the Corporation;
- (iii) the Corporation's quarterly and annual financial statements are properly prepared by management to comply with GAAP;
- (iv) the Corporation's quarterly and annual financial statements are reported on by an external auditor appointed by the shareholders of the Corporation.

To assist the Board in its monitoring of the Corporation's financial reporting and disclosure and to conform to applicable corporate and securities law, the Board has established the Audit Committee (the "Committee") of the Board.

2. ***Composition of Committee***

- (a) The Committee shall be appointed annually by the Board and consist of at least three members from among the directors of the Corporation, each of whom shall be an independent director (as determined under applicable laws). Officers of the Corporation, who are also directors, may not serve as members of the Committee;
- (b) The Board shall designate the Chairman of the Committee;
- (c) In the event of a vacancy arising in the Committee or a loss of independence of any member, the Committee will fill the vacancy within six months or by the following annual shareholders' meeting if sooner.

3. ***Reliance on Experts***

In contributing to the Committee's discharging of its duties under this mandate, each member of the Committee shall be entitled to rely in good faith upon:

- (a) financial statements of the Corporation represented to him by an officer of the Corporation or in a written report of the external auditors to present fairly the financial position of the Corporation in accordance with generally accepted accounting principles; and
- (b) any report of a lawyer, accountant, engineer, appraiser or other person whose profession lends credibility to a statement made by any such person.

4. ***Limitations on Committee's Duties***

In contributing to the Committee's discharging of its duties under Terms of Reference, each member of the Corporation shall be obliged only to exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. Nothing in these Terms of Reference is intended, or may be construed, to impose on any member of the Committee a standard of care or diligence that is in any way more onerous or extensive than the standard to which all Board members are subject. The essence of the Committee's duties is monitoring and reviewing to *endeavor to* gain reasonable assurance (but not to ensure) that the Fundamental Activities are being conducted effectively and that the objectives of the Corporation's financial reporting are being met and to enable the Committee to report thereon to the Board.

II. Audit Committee Terms of Reference

The Committee's Terms of Reference outlines how the Committee will satisfy the requirements set forth by the Board in its mandate. Terms of Reference reflect the following:

- Operating Principles;
- Operating Procedures;
- Specific Responsibilities and Duties.

A. ***Operating Principles***

The Committee shall fulfill its responsibilities within the context of the following principles:

1) **Committee Values**

The Committee expects the management of the Corporation to operate in compliance with corporate policies; reflecting laws and regulations governing the Corporation; and to maintain strong financial reporting and control processes.

2) **Communications**

The Committee and members of the Committee expect to have direct, open and frank communications throughout the year with management, other Committee Chairmen, the external auditors, and other key Committee advisors or Corporation staff members as applicable.

3) **Financial Literacy**

All Committee Members should be sufficiently versed in financial matters to read and understand the Corporation's financial statements and also to understand the Corporation's accounting practices and policies and the major judgements involved in preparing the financial statements.

4) **Annual Audit Committee Work Plan**

The Committee, in consultation with management and the external auditors, shall develop an annual Committee work plan responsive to the Committee's responsibilities as set out in these Terms of Reference. In addition, the Committee, in consultation with management and the external auditors, shall participate in a process for review of important financial topics that have the potential to impact the Corporation's financial disclosure.

The work plan will be focused primarily on the annual and interim financial statements of the Corporation; however, the Committee may at its sole discretion, or the discretion of the Board, review such other matters as may be necessary to satisfy the Committee's Terms of Reference.

5) **Meeting Agenda**

Committee meeting agendas shall be the responsibility of the Chairman of the Committee in consultation with Committee members, senior management and the external auditors.

6) **Committee Expectations and Information Needs**

The Committee shall communicate its expectations to management and the external auditors with respect to the nature, timing and extent of its information needs. The Committee expects that written materials will be received from management and the external auditors at a reasonable time in advance of meeting dates.

7) **External Resources**

To assist the Committee in discharging its responsibilities, the Committee may at its discretion, in addition to the external auditors, at the expense of the Corporation, retain one or more persons having special expertise, including independent counsel.

8) **In Camera Meetings**

At the discretion of the Committee, the members of the Committee shall meet in private session with the external auditors. In addition, at the discretion of the Committee, the members of the Committee shall meet in private with the management of the Corporation, without the auditors being present at such meeting.

9) **Reporting to the Board**

The Committee, through its Chairman, shall report after each Committee meeting to the Board at the Board's next regular meeting.

10) **Committee Self Assessment**

The Committee shall annually review, discuss and assess its own performance. In addition, the Committee shall periodically review its role and responsibilities.

11) **The External Auditors**

The Committee expects that, in discharging their responsibilities to the shareholders, the external auditors shall report directly to and be accountable to the Board through the Committee. The external auditors shall report all material issues or potentially material issues, either specific to the Corporation or to the financial reporting environment in general, to the Committee.

B. ***Operating Procedures***

- 1) The Committee shall meet at least four times annually, or more frequently as circumstances dictate. Meetings shall be held at the call of the Chairman, upon the request of two (2) members of the Committee or at the request of the external auditors.
- 2) A quorum shall be a majority of the members.
- 3) Unless the Committee otherwise specifies, the Secretary (or his or her deputy) of the Corporation shall act as Secretary of all meetings of the Committee.
- 4) In the absence of the Chairman of the Committee, the members shall appoint an acting Chairman.
- 5) A copy of the minutes of each meeting of the Committee shall be provided to each member of the Committee and to each director of the Corporation in a timely fashion.

C. ***Specific Responsibilities and Duties***

To fulfill its responsibilities and duties, the Committee shall:

Financial Reporting

- 1) Review, prior to public release, the Corporation's annual and quarterly financial statements with management and the external auditors with a view to gaining reasonable assurance that the statements (i) are accurate within reasonable levels of materiality, (ii) complete, (iii) represent fairly the Corporation's financial position and performance in accordance with GAAP. The Committee shall report thereon to the Board before such financial statements are approved by the Board;
- 2) Receive from the external auditors reports of their review of the annual and quarterly financial statements and any management letters issued to the management of the Corporation;
- 3) Receive from management a copy of the representation letter provided to the external auditors and receive from management any additional representations required by the Committee;
- 4) Review, prior to public release, and, if appropriate, recommend approval to the Board, of news releases and reports to shareholders issued by the Corporation with respect to the Corporation's annual and quarterly financial statements;
- 5) Review and, if appropriate, recommend approval to the Board of prospectuses, material change disclosures of a financial nature, management discussion and analysis, annual information forms and similar disclosure documents to be issued by the Corporation; and

- 6) Review and validate procedures for the receipt, retention and resolution of complaints received by the Corporation from any party regarding accounting, auditing or internal controls. For greater certainty, the Committee's responsibilities in this area will not include complaints about minor operational issues. (Examples of minor operational issues include late payment of invoices, minor disputes over accounts owing or receivable, revenue and expense allocations and other similar items characteristic of the normal daily operations of the accounting department of an oil and gas company.)

Accounting Policies

- 1) Review with management and the external auditors the appropriateness of the Corporation's accounting policies, disclosures, reserves, key estimates and judgements, including changes or variations thereto.
- 2) Obtain reasonable assurance that they are in compliance with GAAP from management and external auditors and report thereon to the Board;
- 3) Review with management and the external auditors the apparent degree of conservatism of the Corporation's underlying accounting policies, key estimates and judgements and provisions along with quality of financial reporting.
- 4) Participate, if requested, in the resolution of disagreements, between management and the external auditors.
- 5) Review with management the categorization of flow-through expenditures and the qualification of such expenditures to satisfy the Corporation's existing obligations.

Risk and Uncertainty

- 1) Acknowledging that it is the responsibility of the Board, in consultation with management, to identify the principal business risks facing the Corporation, determine the Corporation's tolerance for risk and approve risk management policies, the Committee shall focus on financial risk and gain reasonable assurance that financial risk is being effectively managed or controlled by:
 - (a) reviewing with management the Corporation's tolerance for financial risks;
 - (b) reviewing with management its assessment of the significant financial risks facing the Corporation;
 - (c) reviewing with management the Corporation's policies and any proposed changes thereto for managing those significant financial risks;
 - (d) reviewing with management its plans, processes and programs to manage and control such risks.
- 2) Review policies and compliance therewith that require significant actual or potential liabilities, contingent or otherwise, to be reported to the Board in a timely fashion;
- 3) Review foreign currency, interest rate and commodity price risk mitigation strategies, including the use of derivative financial instruments;
- 4) Review the adequacy of insurance coverages maintained by the Corporation;
- 5) Review regularly with management, the external auditors and the Corporation's legal counsel, any legal claim or other contingency, including tax assessments, that could have a material effect upon the financial position or operating results of the Corporation and the manner in which these matters have been disclosed in the financial statements.

Financial Controls and Control Deviations

- 1) Review the plans of the external auditors to gain reasonable assurance that the evaluation and testing of applicable internal financial controls is comprehensive, coordinated and cost-effective;
- 2) Receive regular reports from management and the external auditors on all significant deviations or indications/detection of fraud and the corrective activity undertaken in respect thereto;
- 3) Institute a procedure that will permit any employee, including management employees, to bring to the attention of the Chairman of the Committee, under conditions of confidentiality, concerns relating to financial controls and reporting which are material in scope and which cannot be addressed, in the employee's judgement, through existing reporting structures in the Corporation;
- 4) Review, and periodically assess the adequacy of controls over financial information disclosed to the public, which is extracted or derived from the Corporation's financial statements.

Compliance with Laws and Regulations

- 1) Review regular reports from management and others (e.g. external auditors) with respect to the Corporation's compliance with laws and regulations having a material impact on the financial statements including:
 - (a) tax and financial reporting laws and regulations;
 - (b) legal withholding requirements;
 - (c) other laws and regulations which expose directors to liability;
- 2) Review the filing status of the Corporation's tax returns, flow-through share renunciation filings and those of its subsidiaries.

Relationship with External Auditors

- 1) Recommend to the Board the nomination of the external auditors;
- 2) Approve the remuneration and the terms of engagement of the external auditors as set forth in the Engagement Letter;
- 3) Review the performance of the external auditors annually or more frequently as required;
- 4) Receive annually from the external auditors an acknowledgement in writing that the shareholders, as represented by the Board and the Committee, are their primary client;
- 5) Receive a report annually from the external auditors with respect to their independence, such report to include a disclosure of all engagements (and fees related thereto) for non-audit services by the Corporation;
- 6) Review with the external auditors the scope of the audit, the areas of special emphasis to be addressed in the audit, and the materiality levels which the external auditors propose to employ;
- 7) Meet with the external auditors in the absence of management to determine, inter alia, that no management restrictions have been placed on the scope and extent of the audit examinations by the external auditors or the reporting of their findings to the Committee;
- 8) Establish effective communication processes with management and the Corporation's external auditors to assist the Committee to monitor objectively the quality and effectiveness of the relationship among the external auditors, management and the Committee; and
- 9) Establish a reporting relationship between the external auditors and the Committee such that the external auditors can bring directly to the Committee matters that, in the judgement of the external auditors, merit the Committee's

attention. In particular, the external auditors will advise the Committee as to disagreements between management and the external auditors regarding financial reporting and how such disagreements were resolved.

Other Responsibilities

- 1) Approve annually the reasonableness of the expenses of the Chairman of the Board and the Chief Executive Officer;
- 2) After consultation with the Chief Financial Officer and the external auditors, consider at least annually, of the quality and sufficiency of the Corporation's accounting and financial personnel and other resources;
- 3) Approve in advance non-audit services, including tax advisory and compliance services, provided by the external auditors. However, the Committee can establish a threshold amount for fees for non-audit services to be provided by the external auditors without advance approval of the Committee. The nature of such services and the associated cost will be provided to the Committee at the next following meeting.
- 4) Investigate any matters that, in the Committee's discretion, fall within the Committee's duties;
- 5) Perform such other functions as may from time to time be assigned to the Committee by the Board.
- 6) Review and update the Terms of Reference on a regular basis for approval by the Board; and
- 7) The Committee will review disclosures regarding the organization and duties of the Committee to be included in any public document, including quarterly and annual reports to shareholders, information circulars and annual information forms.