

MANAGEMENT'S DISCUSSION & ANALYSIS ("MD&A")

The following discussion and analysis is provided by the management of Seaview Energy Inc. ("Seaview" or the "Company") as of April 7, 2009 and should be read in conjunction with the audited consolidated financial statements and notes for the period ended December 31, 2008 and 2007. This financial data has been prepared in accordance with Canadian generally accepted accounting principles ("GAAP"). The reporting and the measurement currency is Canadian dollars.

Description of the Company

Seaview is a Calgary based, natural gas and light crude oil focused, exploration and development company established on December 13, 2006. The Company completed its Initial Public Offering on October 17, 2007. The primary areas of operation are the Peace River Arch area of northwest Alberta and southeast Saskatchewan. The Class A and Class B shares of Seaview trade on the TSX Venture Exchange ("TSX – Venture") under the symbols CVU.A and CVU.B. **As Seaview commenced operations in October, 2007, and completed 3 material acquisitions during 2008, the financial results may not be indicative of future periods.**

Non-GAAP measures

This MD&A contains the terms "funds flow from operations" and "funds flow from operations per share" which do not have any standardized meaning prescribed by Canadian GAAP. Management uses funds flow from operations and funds flow from operations per share to analyze operating performance and leverage and considers funds flow from operations to be a key measure as it demonstrates the Company's ability to generate the cash necessary to fund future capital investments and to repay debt. Funds flow from operations should not be considered an alternative to, or more meaningful than, cash flow from operating activities, as determined in accordance with Canadian GAAP, as an indicator of the Company's performance. Therefore, references to funds flow from operations or funds flow from operations per share (basic and diluted) may not be comparable with the calculation of similar measures of other entities. Funds flow from operations per share is calculated using the basic and diluted weighted average number of shares for the period. The reconciliation between funds flow from operations and cash flow from operating activities after changes in working capital for the years ended December 31, 2008 and 2007 is as follows:

	2008	2007
Funds flow from operations	\$ 10,853,893	\$ 93,380
Changes in non-cash working capital	(550,295)	(404,780)
Cash provided by operating activities	\$ 10,303,598	\$ (311,400)
Funds flow from operations per share (basic)	\$ 0.30	\$ 0.02
Changes in non-cash working capital per share (basic)	(0.02)	(0.07)
Cash provided by operating activities per share (basic)	\$ 0.28	\$ (0.05)

Management uses certain industry benchmarks such as operating netback to analyze financial and operating performance. This benchmark, as presented, does not have any standardized meaning prescribed by Canadian GAAP and therefore, may not be comparable with the calculation of similar measures for other entities. Management considers netbacks an important measure as it demonstrates its profitability relative to current commodity prices. The Company uses these measures to help evaluate its performance and in capital allocation decisions.

Boe presentation

Barrels of oil equivalent ("boe") may be misleading, particularly if used in isolation. A boe conversion ratio of six thousand cubic feet ("mcf") to one barrel ("bbl") is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead. All boe conversions in this report are derived by converting natural gas to oil in the ratio of six mcf of gas to one barrel of oil. A list of other commonly used abbreviations is included at the end of this report.

Forward-looking information

Certain information regarding the Company set forth in this document, including management's assessment of the Company's future plans and operations, may constitute forward-looking statements under applicable securities law and necessarily involve risks associated with oil and gas exploration, production, marketing, and transportation, such as loss of market, volatility of commodity prices, currency fluctuations, imprecision of reserve estimates, environmental risks, competition from other producers and ability to access sufficient capital from internal and external sources. As a consequence, actual results may differ materially from those anticipated in the forward-looking statements.

Selected Financial Information

Financial	Q4 2008	Q4 2007	% Change	2008	2007	% Change
Petroleum and natural gas sales	\$ 8,226,577	\$ 566,962	1351%	\$ 22,998,137	\$ 566,962	3956%
Funds flow from operations ⁽¹⁾	3,555,906	98,865	3497%	10,853,893	93,380	11523%
Basic per share	0.07	0.01	600%	0.30	0.02	1400%
Diluted per share ⁽²⁾	0.06	0.01	500%	0.23	0.02	1050%
Net income (loss)	374,858	(369,591)	201%	2,296,275	(375,075)	712%
Basic per share	0.01	(0.02)	150%	0.06	(0.07)	186%
Diluted per share ⁽²⁾	0.01	(0.02)	150%	0.05	(0.07)	171%
Capital expenditures ⁽³⁾	6,669,253	3,494,333	91%	32,714,246	3,742,291	774%
Corporate acquisitions ⁽⁴⁾	-	13,242,776	-	60,927,572	13,242,776	360%
Net debt (working capital surplus)	19,418,852	(8,242,885)	(336%)	19,418,852	(8,242,885)	(336%)
Shares Outstanding at period end						
Class A	50,005,182	19,073,007	162%	50,005,182	19,073,007	162%
Class B	1,053,540	1,053,540	-	1,053,540	1,053,540	-
Operations						
Daily production						
Natural gas (mcf/d)	8,330	858	871%	5,221	216	2317%
Light oil and NGLs (bbl/d)	406	8	4975%	207	2	10250%
Total production (boe/d)	1,794	151	1088%	1,077	38	2734%
Average realized sales price (net of risk management gains or losses)						
Natural gas (per mcf)	\$ 7.68	\$ 6.40	20%	\$ 8.47	\$ 6.40	32%
Light oil and NGL (per bbl)	62.82	85.96	(27%)	89.96	85.96	5%
Netback per boe						
Sales price (net of risk management gains or losses)	\$ 49.84	\$ 40.86	22%	\$ 58.34	\$ 40.86	43%
Royalties	8.77	9.46	(7%)	12.59	9.46	33%
Operating expenses	11.34	11.15	2%	10.08	11.15	(10%)
Transportation	1.14	1.21	(6%)	1.18	1.21	(2%)
Operating netback	\$ 28.59	\$ 19.04	50%	\$ 34.49	\$ 19.04	81%

(1) The Company uses "funds flow from operations" and "funds flow from operations per share" which do not have any standardized meaning prescribed by Canadian GAAP. The term is used to analyze operating performance and leverage.

(2) Weighted average diluted shares outstanding for Q4 2008 and 2008 include the impact of the conversion of the Class B shares. The granted options have been excluded as these would have been anti-dilutive.

(3) Capital expenditures include the cash additions for the period, the cash paid on acquisitions, dispositions and capitalized G&A expense.

(4) Corporate acquisitions includes total consideration adjusted for net debt assumed.

HIGHLIGHTS OF 2008 AND SUBSEQUENT EVENTS

- Average reported production for 2008 increased to 1,077 boe per day compared to average production for 2007 of 38 boe per day;
- Average production for Q4 2008 of 1,794 boe per day was an increase of 1088% relative to Q4 2007 production, and a 26% increase compared to Q3 2008 production of 1,422 boe per day. Production per share increased 21% in the fourth quarter over third quarter 2008 results;
- Since commencing operations on October 17, 2007, record production levels in the fourth quarter of 2008 mark the Company's fifth consecutive quarter of growth;
- During 2008, Seaview increased the Company's Total Proven reserves 1064% (344% per share) since December 31, 2007 to 4,786 mboe, and increased Total Proven plus Probable reserves by 921% (289% per share) during the same period to 7,256 mboe. The Reserve Life Index is 7.3 years on a Total Proven basis, and 11.1 years on a Total Proven plus Probable basis using December 31, 2008 reserves and Q4 2008 production of 1,794 boe per day;

- Funds flow from operations for 2008 was \$10.9 million or \$0.30 per share;
- Seaview drilled and cased 18 wells (9.1 net) in 2008 with an 89% success rate. In Q4 2008, 2 wells (0.2 net) were drilled with a 100% success rate;
- The Company achieved F&D costs of \$13.63 per boe Proven and \$12.08 per boe Proven plus Probable (including changes to Future Development Costs “FDC”). The FD&A costs achieved were \$24.01 per boe Proven and \$17.94 per boe Proven plus Probable (including changes to FDC);
- On April 1, 2008, Seaview closed the corporate acquisition of 1332915 Alberta Ltd (“133Co”) for total consideration of \$24.0 million, comprised of the assumption of 133Co’s net debt position and the issuance of 8,049,250 Class A shares at \$0.87 per share. The acquisition of 133Co was highly accretive on all measures to Seaview, and significantly expanded the Company’s reserves, production, cash flow, land and drilling inventory;
- On May 29, 2008, Seaview closed a bought-deal financing for gross proceeds of \$6.0 million through the issuance of 2,792,000 Class A shares issued on a “flow-through basis” at a price of \$2.15 per share;
- On June 26, 2008, Seaview acquired light oil properties from Progress Energy Trust located in southeast Saskatchewan and issued 8.3 million Class A shares, with an ascribed value of \$2.12 per share, to Progress, as well as approximately \$5.0 million in cash, for total consideration of \$22.5 million;
- On July 10, 2008, Seaview closed a bought-deal financing for gross proceeds of \$10.0 million through the issuance of 2,899,000 Class A shares at a price of \$3.45 per share;
- On July 24, 2008, the Company closed the corporate acquisition of C3 Resources Ltd. (“C3”) for total consideration of \$36.9 million, comprised of the assumption of C3’s net debt position, the issuance of 5,891,925 Class A shares at \$3.24 per share and approximately \$6.3 million in cash;
- On December 18, 2008, Seaview closed a bought-deal financing for gross proceeds of \$4.8 million through the issuance of 3,000,000 Class A shares issued on a “flow-through basis” at a price of \$1.60 per share; and
- Subsequent to year end, Seaview’s credit facility was increased by approximately 30% to \$44 million relative to June 30, 2008. Based on yearend 2008 net debt of \$19.4 million, Seaview has \$24.6 million of available credit capacity to pursue additional strategic opportunities.

RESULTS OF OPERATIONS

Operations

For the year ended December 31, 2008, the Company recorded net income of \$2,296,275, (net loss of \$375,075 for the year ended December 31, 2007).

The following table summarizes selected information for the years ended December 31, 2008 (“2008”) and December 31, 2007 (“2007”) and for the third quarter (the “Previous Quarter” or “Q3 2008”) and fourth quarter (the “Quarter” or “Q4 2008”) of 2008, as well as the fourth quarter of 2007 (the “Prior Year Q4” or “Q4 2007”):

	Q4 2008	Q3 2008	Q4 2007	2008	2007
Daily Production					
Natural gas (mcf/d)	8,330	6,602	858	5,221	216
Crude oil and NGL’s (bbl/d)	406	322	8	207	2
Boe/d day @ 6:1	1,794	1,422	151	1,077	38
Petroleum and natural gas sales	\$ 8,226,577	\$ 8,490,520	\$ 566,962	\$ 22,998,137	\$ 566,962
Funds flow from operations	3,555,906	4,318,985	98,865	10,853,893	93,380
Per share – basic	0.07	0.09	0.01	0.30	0.02
Per share – diluted	0.06	0.09	0.01	0.23	0.02
Net income (loss)	374,858	2,874,138	(369,591)	2,296,275	(375,075)
Per share – basic	0.01	0.06	(0.02)	0.06	(0.07)
Per share – diluted	0.01	0.06	(0.02)	0.05	(0.07)

Commodity prices

Average realized prices	Q4 2008	Q3 2008	Q4 2007	2008	2007
Light crude oil (per bbl)	59.71	119.23	85.80	88.11	85.80
after realized risk management gains	63.50	120.48	-	90.49	-
Natural gas (per mcf)	7.23	8.15	6.40	8.36	6.40
after realized risk management gains	7.68	8.18	-	8.47	-
Natural gas liquids (per bbl)	56.88	104.74	87.37	85.77	87.37
Total per boe	46.98	64.52	40.86	57.41	40.86
after realized risk management gains	49.84	64.92	-	58.34	-
BENCHMARK PRICES					
WTI oil (US\$ per bbl)	58.38	118.14	90.81	99.55	72.12
AECO Daily Index (CAD\$ per gj)	6.34	7.36	5.92	7.71	5.71
Currency (US\$/CAD\$)	1.212	1.042	0.982	1.067	1.074

The AECO Daily Index gas price averaged \$6.34 per gj or \$6.69 per mcf for Q4 2008 as compared to \$7.36 per gj or \$7.77 per mcf during the Previous Quarter. The natural gas price received by Seaview, before risk management gains, was \$7.23 per mcf for the Quarter compared to \$8.15 per mcf for Q3 2008. For 2008, the AECO Daily Index gas price averaged \$7.71 per gj or \$8.13 per mcf and the price Seaview received, before risk management gains, was \$8.36 per mcf. Seaview receives a premium to the stated AECO Daily Index as the Company produces high heat content natural gas that attracts premium market prices.

The price of West Texas Intermediate ("WTI") crude averaged US\$58.38 per bbl during the Quarter compared to US\$ 118.14 per bbl during Q3 2008. Seaview received a combined average price, including natural gas liquids, of \$59.41 per bbl during the Quarter compared to \$117.96 during the Previous Quarter. For 2008, WTI crude averaged US\$99.55 per bbl and Seaview received \$87.84 as a combined average price including natural gas liquids.

The Canadian dollar averaged US\$1.212 during the Quarter as compared to \$1.042 during the Previous Quarter. As the price of WTI crude oil and Nymex natural gas is quoted in US dollars, depreciation in the Canadian dollar increases the average price received. Seaview mitigates exposure to the impact of exchange rate fluctuations by hedging a portion of the production in Canadian dollar denominated puts, swaps and collars.

Commodity price risk management

The prices received for petroleum and natural gas can fluctuate significantly due to weather patterns, the economic environment or political uncertainty.

Seaview's commodity price risk management program is designed to provide price protection on a portion of the future production in the event of adverse commodity price movement, while retaining the opportunity to participate in favourable price movements. This practice allows the Company to generate stable funds flow for capital development and acquisition activities, and to ensure positive economic returns on those activities.

The Company has elected not to use hedge accounting and consequently will record the fair value of any crude oil and natural gas financial contracts at each reporting period, with the change in the fair value being classified as unrealized gains and losses in the statement of earnings. As at December 31, 2008, the Company recorded an unrealized gain on financial contracts of \$3,074,973 reflecting the fair value of the natural gas contracts outstanding at December 31, 2008.

Subsequent to year end, the Company purchased financial contracts as follows:

	Volume	Pricing Point	Fixed Price	Strike Price	Term
Natural gas swap	1,000 gj/d	AECO Monthly	\$ 6.02/gj	\$ -	March '09 – December '09
Natural gas call	1,500 gj/d	AECO Monthly	\$ -	\$ 7.00/gj	January '10 – December '10
Crude oil swap	100 bbl/d	WTI-Nymex CAD	\$ 55.90/bbl	\$ -	March '09 – December '09
Crude oil call	100 bbl/d	WTI-Nymex CAD	\$ -	\$ 80.00/bbl	January '10 – December '10

The total volumes hedged for the period of January 2009 to December 2010 (including transactions subsequent to the yearend) are detailed below. See Note 11 of the audited consolidated financial statements for a description of the contracts.

Natural Gas	Q1 '09	Q2 '09	Q3 '09	Q4 '09	2010
Puts					
Volumes – gj/d	3,500	3,500	3,500	3,500	-
Net floor (\$/gj)	\$8.06	\$8.70	\$8.70	\$8.70	-
Fixed price swap					
Volumes – gj/d	344	1,000	1,000	1,000	-
Fixed price (\$/gj)	\$6.02	\$6.02	\$6.02	\$6.02	-
Call					
Volumes – gj/d	-	-	-	-	1,500
Net ceiling (\$/gj)	-	-	-	-	\$7.00
Crude Oil					
Fixed price swap					
Volumes – bbl/d	34	100	100	100	-
Fixed price (CAD\$/bbl)	\$55.90	\$55.90	\$55.90	\$55.90	-
Call					
Volumes – bbl/d	-	-	-	-	100
Net ceiling (CAD\$/bbl)	-	-	-	-	\$80.00

The Company will continue to monitor forecasted volumes and commodity prices to layer in additional downside protection, generally using puts, in order to allow full exposure to any positive price movements.

The Company's financial derivative trading activities are conducted pursuant to the Company's Hedging Policy Manual approved by the board of directors. The Hedging Policy Manual has the objectives of reducing risk exposure to budgeted annual funds generated from operations projections resulting from uncertainty or changes in commodity prices; limiting financial contract volumes up to a maximum of 50% of forecasted production (net of royalties), and limiting financial derivative trading activity to counter-parties that provide sufficient collateral in support of payment or have investment grade credit ratings.

Petroleum and natural gas sales

	Q4 2008	Q3 2008	Q4 2007	2008	2007
Natural gas	\$ 5,539,106	\$ 4,952,037	\$ 504,994	\$ 15,971,226	\$ 504,994
Crude oil and natural gas liquids	2,214,453	3,485,344	61,968	6,659,669	61,968
Realized risk management gains (losses)	473,019	53,139	-	367,243	-
Petroleum and natural gas sales (net)	\$ 8,226,577	\$ 8,490,520	\$ 566,962	\$ 22,998,137	\$ 566,962
\$/boe	\$ 49.84	\$ 64.92	\$ 40.86	\$ 58.34	\$ 40.86

Petroleum and natural gas sales for the Quarter and 2008, before royalties and transportation costs, were \$8.2 million and \$23.0 million, respectively (\$8.5 million – Previous Quarter; \$0.6 million – 2007). The change is attributable to a full quarter of production from properties acquired from C3 in late July and new wells coming on production during the Quarter offset by a decrease in both crude oil and natural gas prices. The Company received \$473,019 in realized gains, net of premiums, on crude oil and natural gas financial contracts during the Quarter while the company received \$367,243 in realized gains net of premiums for 2008.

Royalties

	Q4 2008	Q3 2008	Q4 2007	2008	2007
Royalties	\$ 1,447,819	\$ 2,203,075	\$ 131,257	\$ 4,965,354	\$ 131,257
Percentage of petroleum and natural gas revenue	17.6%	25.9%	23.2%	21.6%	23.2%
\$/boe	\$ 8.77	\$ 16.85	\$ 9.46	\$ 12.59	\$ 9.46

Royalties are paid to the owners of the mineral rights with whom leases are held, including provincial governments. Overriding royalties are also paid to other parties according to contracts. In Alberta, a crown royalty is invoiced on the Crown's share of production based on a monthly established Alberta Reference Price. The Alberta Reference Price is a monthly weighted average price of gas consumed in Alberta and gas exported from Alberta reduced for transportation and marketing allowances. There is a

maximum rate of 30% for new gas and 45% on old gas. In today's gas price environment, the Company is subject to the maximum rates. Gas cost allowance, low productivity and other incentive schemes serve to reduce the effective royalty rate.

Subsequent to the acquisition of light oil assets from Progress on June 26, 2008, the majority of the Company's oil production is in Saskatchewan. Royalty rates in Saskatchewan vary depending on the rate of production, oil prices and applicable incentives.

Royalties for the Quarter and 2008 totaled \$1.4 million and \$5.0 million, respectively (\$2.2 million – Previous Quarter; \$0.1 million – 2007). As a percentage of sales, royalties averaged 17.6% during the Quarter or \$8.77 per boe and 21.6% and \$12.59 per boe for 2008 (25.9% and \$16.85 per boe for the Previous Quarter; 23.2% and \$9.46 per boe – 2007). The royalty rate decreased during the Quarter due in part to positive adjustments for gas cost allowance and custom processing which reduced the quarter's royalty rate comparatively.

Operating expenses

	Q4 2008	Q3 2008	Q4 2007	2008	2007
Operating expenses	\$ 1,871,551	\$ 1,017,928	\$ 154,699	\$ 3,972,688	\$ 154,699
\$/boe	\$ 11.34	\$ 7.78	\$ 11.15	\$ 10.08	\$ 11.15

Operating expenses for the Quarter and 2008 were \$1.9 million and \$4.0 million, respectively (\$1.0 million – Previous Quarter; \$0.2 million – 2007) and on a unit-of-production basis, operating expenses averaged \$11.34 and \$10.08 per boe, respectively (\$7.78 per boe – Previous Quarter; \$11.15 per boe – 2007). Operating expenses on a per boe basis in the Quarter as compared to the annual rate were higher due in part to increased processing fees as well as increased workover and maintenance activity. The Previous Quarter operating costs on a per boe basis were reduced by positive adjustments relating to accruals (estimates) for prior periods being realized in the quarter.

Transportation expense

	Q4 2008	Q3 2008	Q4 2007	2008	2007
Transportation expense	\$ 188,711	\$ 172,473	\$ 16,723	\$ 463,630	\$ 16,723
\$/boe	\$ 1.14	\$ 1.32	\$ 1.21	\$ 1.18	\$ 1.21

For the Quarter, transportation expense totaled \$188,711 or \$1.14 per boe and 2008 transportation expense totaled \$463,630 or \$1.18 per boe (\$172,473 or \$1.32 per boe – Previous Quarter; \$16,723 or \$1.21 per boe – 2007). As Seaview's 2008 production is weighted approximately 80% to natural gas, the majority of Seaview's transportation expenses relate to natural gas pipeline tariff charges. The consistency of the cost of transportation on a per boe basis year over year and quarter over quarter is as expected.

General and administrative (“G&A”)

	Q4 2008	Q3 2008	Q4 2007	2008	2007
G&A expenses	\$ 1,325,183	\$ 862,162	\$ 586,896	\$ 3,565,641	\$ 592,380
Overhead recoveries	(608,002)	(457,992)	(327,216)	(1,760,834)	(327,216)
Net G&A expenses	717,181	404,170	259,680	1,804,807	265,164
\$/boe	\$ 4.35	\$ 3.09	\$ 18.72	\$ 4.58	\$ 19.11

During the Quarter and 2008, G&A, net of overhead recoveries on operated properties and capitalized expenditures, totaled \$0.7 million and \$1.8 million, respectively (\$0.4 million – Previous Quarter; \$0.3 million – 2007). On a unit-of-production basis, G&A expenses were \$4.35 and \$4.58 per boe (\$3.09 per boe – Previous Quarter; \$19.11 per boe – 2007). The G&A per boe increase during the Quarter as compared to Q3 2008 is due to the accrual of yearend expenses such as the annual corporate reserve evaluation, the yearend audit of financial information and annual bonuses expected to be paid in April 2009. The significant decrease in G&A per boe for 2008 as compared to 2007 is attributable to the substantial increase in production associated with acquisitions which closed during the year offset by a small increase in net G&A costs, the majority of which is associated with increased staffing requirements.

Interest expense

	Q4 2008	Q3 2008	Q4 2007	2008	2007
Interest expense (income)	\$ 445,409	\$ 373,889	\$ (94,261)	\$ 937,765	\$ (94,261)
\$/boe	\$ 2.70	\$ 2.86	\$ (6.79)	\$ 2.38	\$ (6.79)

Interest expense, representing interest paid on drawn amounts of the secured credit facility, standby fees and banking fees, during the Quarter and 2008 was \$445,409 or \$2.70 per boe and \$937,765 or \$2.38 per boe, respectively (interest expense of \$373,889 or \$2.86 per boe – Previous Quarter; interest income of \$94,261 or \$6.79 per boe – 2007). The average balance

drawn during the Quarter was \$18.7 million and for 2008 was \$11.1 million, (\$17.2 million average balance drawn – Previous Quarter; average cash balance of \$10.3 million – 2007), with an average of 4.5% per annum paid during the Quarter and 5.1% per annum paid during the year (5.2% per annum paid – Previous Quarter). Interest expense for 2008 includes a total of \$375,639 of Part XII.6 tax related to flow through share capital pursuant to the look-back rules including \$115,639 related to 2007 and \$260,000 related to 2008.

Subsequent to year end, the Company entered into fixed interest rate swap agreements on \$5 million for a term of one year terminating on February 28, 2010 at a fixed rate of 1.15% plus stamping fees and on \$10 million for a term of one year terminating on April 30, 2010 at a fixed rate of 0.97% plus stamping fees.

Stock option compensation

The Company has a stock option plan, which is fully described in Note 8 of the audited consolidated financial statements. The Company issued 50,000 stock options during the Quarter (1,605,000 during the Previous Quarter) with an exercise price of \$2.25 per Class A share (\$3.80 per share – Previous Quarter). At December 31, 2008, 3,992,500 options were outstanding with an average exercise price of \$2.39 and a weighted average remaining contractual life of 4.3 years (958,810 outstanding at December 31, 2007 at an average exercise price of \$0.40 with a weighted average remaining contractual life of 4.8 years). Of the total number of options outstanding at December 31, 2008, 304,108 options are vested and available for exercise at an exercise price of \$0.40 per option.

For the Quarter and 2008, the Company recorded a compensation expense of \$326,756 and \$695,087, respectively, (\$242,632 - Previous Quarter; \$36,620 – 2007) and capitalized \$431,861 and \$914,169, respectively (including tax effect of \$95,442 and \$212,137, respectively), (\$313,505 (including tax effect of \$69,361) – Previous Quarter; \$52,451 (including tax effect of \$15,625) – 2007).

Subsequent to yearend, the Company issued 722,500 options with an exercise price of \$0.62 per Class A share which vest over a three year period, 1/3 on each of the first, second and third anniversaries, and have a five year term expiring on March 2, 2014.

Depletion, depreciation and accretion (“DD&A”)

The Quarter and 2008 provision for DD&A totaled \$4.3 million and \$10.3 million, respectively (\$3.4 million – Previous Quarter; \$0.6 million – 2007). On a unit-of-production basis, DD&A costs averaged \$26.37 per boe for Q4 2008 and \$26.21 per boe for 2008 (\$26.15 per boe – Previous Quarter; \$40.39 per boe – 2007). Growth in the depletable base of reserves has been consistent quarter over quarter and therefore the depletion rate per boe has remained consistent. The 2008 depletion rate per boe is consistent with Q3 2008 and Q4 2008 as the majority of the growth in the depletable base of reserves has occurred since the first quarter of 2008.

Unrealized gains (losses) on financial contracts

The Company has elected not to use hedge accounting and accordingly, the fair value of the financial contracts (as discussed in Note 11 of the audited consolidated financial statements) is recorded at each period end. The fair value may change substantially from period to period based on the period ending commodity prices for the financial contracts outstanding at the balance sheet date. The change in fair value from period end to period end is reflected in the earnings for that period. As a result, earnings may fluctuate considerably based on the period ending commodity prices.

The fair value at December 31, 2008 of these contracts was an unrealized gain of \$3.1 million. During the Quarter and 2008, the Company recorded an unrealized gain of \$1.4 million and \$3.3 million, respectively, as a result of the change in fair value over the respective periods (\$3.1 million gain – Previous Quarter; nil – 2007).

Future income taxes

A future income tax recovery of \$135,210 has been recorded for the Quarter and a future income tax expense of \$784,003 has been recorded for 2008 (expense of \$841,525 – Previous Quarter; recovery of \$128,644 – 2007). No current tax expense has been recorded as Seaview is not subject to capital taxes and has no current income tax liability.

Tax pools	2008	2007
Canadian exploration expense (CEE)	\$ 8,706,136	\$ 2,445,384
Canadian development expense (CDE)	6,436,902	25,893
Canadian oil and gas property expense (COGPE)	18,523,100	214,170
Undepreciated capital costs (UCC)	16,378,736	1,618,256
Non capital losses (NCLs)	1,232,906	1,298,709
Share issue costs (SICs)	2,095,009	1,007,963
	\$ 53,372,789	\$ 6,610,374

Net income (loss) and funds flow from operations

Net income for the Quarter was \$0.4 million while net income for 2008 was \$2.3 million (\$2.9 million – Previous Quarter; \$0.4 million loss – 2007). Basic and diluted net income per share for the Quarter was \$0.01 and basic net income per share for 2008 was \$0.06 while diluted net income per share was \$0.05 (basic and diluted net income per share of \$0.06 – Previous Quarter; basic and diluted net loss per share of \$0.07 – 2007). Funds flow from operations was \$3.6 million for the Quarter and \$10.9 million for 2008 (\$4.3 million – Previous Quarter; \$0.1 million – 2007). Basic funds flow from operations per share for the Quarter and 2008 was \$0.07 and \$0.30 and diluted funds flow from operations per share was \$0.06 and \$0.23, respectively (basic and diluted funds flow from operations per share - \$0.09 – Previous Quarter; basic and diluted funds flow from operations per share - \$0.02 – 2007).

The following table summarizes netbacks, funds flow from operations and net income (loss) on a barrel of oil equivalent basis for the Quarter, the Previous Quarter, Q4 2007 and for 2008 and 2007:

Netbacks (\$/boe)	Q4 2008	Q3 2008	Q4 2007	2008	2007
Petroleum and natural gas sales	\$ 49.84	\$ 64.92	\$ 40.86	\$ 58.34	\$ 40.86
Less:					
Royalties	8.77	16.85	9.46	12.59	9.46
Operating expenses	11.34	7.78	11.15	10.08	11.15
Transportation expense	1.14	1.32	1.21	1.18	1.21
Net operating income (operating netback)	\$ 28.59	\$ 38.97	\$ 19.04	\$ 34.49	\$ 19.04
General and administrative	4.35	3.09	18.72	4.58	19.11
Interest expense	2.70	2.86	(6.79)	2.38	(6.79)
Funds flow from operations	\$ 21.54	\$ 33.02	\$ 7.11	\$ 27.53	\$ 6.72
Depletion, depreciation and accretion	26.37	26.15	40.39	26.21	40.39
Unrealized (gain) loss on financial derivatives	(8.26)	(23.39)	-	(8.25)	-
Stock option compensation	1.98	1.86	2.64	1.76	2.64
Future income tax expense	(0.82)	6.43	(9.27)	1.99	(9.27)
Net income (loss) (\$/boe)	\$ 2.27	\$ 21.97	\$ (26.65)	\$ 5.82	\$ (27.04)

SELECTED QUARTERLY FINANCIAL INFORMATION

Financial	Q4 2007	Q1 2008	Q2 2008	Q3 2008	Q4 2008
Petroleum and natural gas sales	\$ 566,962	\$ 1,130,240	\$ 5,150,800	\$ 8,490,520	\$ 8,226,577
Funds flow from operations ⁽¹⁾	98,865	352,418	2,626,583	4,318,985	3,555,906
Basic per share	0.01	0.02	0.09	0.09	0.07
Diluted per share ⁽²⁾	0.01	0.02	0.09	0.09	0.06
Net income (loss)	(369,591)	(353,357)	(599,364)	2,874,138	374,858
Basic per share	(0.02)	(0.02)	(0.02)	0.06	0.01
Diluted per share	(0.02)	(0.02)	(0.02)	0.06	0.01
Capital expenditures ⁽³⁾	3,494,333	4,516,294	7,932,153	13,596,546	6,669,253
Corporate acquisitions ⁽⁴⁾	13,242,776	-	23,998,120	36,929,452	-
Net debt (working capital surplus)	(8,242,885)	3,800,952	14,204,306	22,671,894	19,418,852
Shares Outstanding at period end					
Class A	19,073,007	19,073,007	38,214,257	47,005,185	50,005,182
Class B	1,053,540	1,053,540	1,053,540	1,053,540	1,053,540
Operations					
Daily production					
Natural gas (mcf/d)	858	1,456	4,446	6,602	8,330
Light oil and NGLs (bbl/d)	8	4	95	322	406
Total production (boe/d)	151	246	836	1,422	1,794
Average realized sales price (net of risk management gains or losses)					
Natural gas (per mcf)	\$ 6.40	\$ 8.28	\$ 10.44	\$ 8.18	\$ 7.68
Light oil and NGL (per bbl)	85.96	100.81	106.96	119.10	62.82
Netback per boe					
Sales price (net of risk management gains or losses)	\$ 40.86	\$ 50.43	\$ 67.70	\$ 64.92	\$ 49.84
Royalties	9.46	11.83	13.79	16.85	8.77
Operating expenses	11.15	11.23	10.93	7.78	11.34
Transportation	1.21	1.25	0.98	1.32	1.14
Operating netback	\$ 19.04	\$ 26.12	\$ 42.00	\$ 38.97	\$ 28.59

(1) The Company uses "funds flow from operations" and "funds flow from operations per share" which do not have any standardized meaning prescribed by Canadian GAAP. The term is used to analyze operating performance and leverage.

(2) Weighted average diluted shares outstanding for Q3 2008 and Q4 2008 include the impact of the conversion of the Class B shares. The granted options have been excluded as these would have been anti-dilutive.

(3) Capital expenditures include the cash additions for the period, the cash paid on acquisitions, dispositions and capitalized G&A expense.

(4) Corporate acquisitions includes total consideration adjusted for net debt assumed.

SHARE INFORMATION

	2008	2007
Weighted average shares outstanding		
Basic	36,169,445	5,550,784
Diluted	46,600,534	5,550,784
Outstanding securities at period end		
Class A shares	50,005,182	19,073,007
Class B shares	1,053,540	1,053,540
Options, Class A shares	3,992,500	958,810
Outstanding securities at April 7, 2009		
Class A shares	50,005,182	
Class B shares	1,053,540	
Options, Class A shares	4,715,000	

Per share amounts have been calculated using the weighted average number of shares outstanding during the year. The effect of the conversion of the Class B shares has been included in the diluted share calculation for the year ended December 31, 2008 while the effect of options has been excluded as it would have been anti-dilutive.

The Company's Class B shares are convertible (at the option of the Company) at any time after June 1, 2010 and before May 31, 2012, into Class A shares. The number of Class A shares obtained upon the conversion of each Class B share will be equal to \$10.00 divided by the greater of \$1.00 and the weighted average trading price of the Class A shares during the thirty days prior to the conversion date. If conversion has not occurred by the close of business on May 31, 2012, the Class B shares become convertible (at the option of the holder) into Class A shares on the same basis. Effective June 30, 2012, all remaining Class B shares will automatically convert to Class A shares.

CAPITAL EXPENDITURES

For the Quarter and 2008, capital expenditures totaled \$5.6 million and \$114.7 million, respectively (\$45.2 million – Previous Quarter; \$16.8 million – 2007). The table below summarizes the capital expenditures during the Quarter and 2008 as well as the Previous Quarter and 2007.

	Q4 2008	Q3 2008	Q4 2007	2008	2007
Land purchases	\$ 72,328	\$ 7,656	\$ 179,267	\$ 427,070	\$ 232,975
Geological and geophysical	156,857	333,334	271,045	692,179	465,295
Drilling and Completions	5,464,251	5,769,949	2,501,980	16,576,284	2,501,980
Tangible equipment	1,319,849	1,223,494	488,189	4,125,674	488,189
Development Capital	\$ 7,013,285	\$ 7,334,433	\$ 3,440,481	\$ 21,821,207	\$ 3,688,439
Asset retirement obligations	100,164	133,520	42,526	1,012,673	42,526
Office furniture & fixtures	-	-	798	23,795	798
Total capital expenditures	\$ 7,113,449	\$ 7,467,953	\$ 3,483,805	\$ 22,857,675	\$ 3,731,763
Corporate Acquisitions	(1,582,312)	37,792,180	13,052,000	69,337,102	13,052,000
Property Acquisitions	114,115	(61,805)	-	22,526,776	-
Total capital expenditures and acquisitions	\$ 5,645,252	\$ 45,198,328	\$ 16,535,805	\$ 114,721,553	\$ 16,783,763

CAPITALIZATION AND CAPITAL RESOURCES

The Company's total capitalization was \$72.1 million at December 31, 2008 with the market value of Class A and Class B shares representing 73% of the total capitalization (\$23.4 million at December 31, 2007 with the market value of Class A and Class B shares representing 135%). The market value of the Company's shares at December 31, 2008 was \$52.7 million (\$31.6 million – December 31, 2007).

	December 31, 2008	December 31, 2007
Capitalization		
Bank debt	\$ 19,101,462	\$ -
Working capital deficiency (surplus) ⁽¹⁾	317,390	(8,242,885)
Net debt (working capital surplus)	19,418,852	(8,242,885)
Class A shares outstanding	50,005,182	19,072,907
Class A share price ⁽²⁾	\$ 1.00	\$ 1.52
Class A market capitalization	\$ 50,005,182	\$ 28,990,819
Class B shares outstanding	1,053,540	1,053,540
Class B share price ⁽²⁾	\$ 2.55	\$ 2.51
Class B market capitalization	\$ 2,686,527	\$ 2,644,385
Total market capitalization	\$ 52,691,709	\$ 31,635,204
Total capitalization	72,110,561	23,392,319
Net debt as a percent of total capitalization	27%	(35%)
Funds flow from operations ⁽³⁾	10,853,893	93,380
Net debt to funds flow from operations ratio	1.79	(88.27)

(1) Working Capital excludes the current portion of future income taxes

(2) Represents the closing price on the TSX Venture at year end.

(3) Funds flow from operations is calculated as cash flow from operations before the change in non-cash operating working capital.

Bank facility

As at December 31, 2008, the Company had a revolving demand credit facility with an authorized borrowing amount of \$34 million, with interest charged at the bank's prime rate plus 0.25 per annum. Standby fees associated with the facilities are 0.125% per annum on the undrawn portion of the facility. Collateral for the facility consists of a general security agreement, providing a security interest over all present and after acquired personal property and a floating charge on all present and after acquired land interests of the Corporation.

At December 31, 2008, the revolving demand credit facility was reduced by drawings of \$19.1 million and by an outstanding letter of credit in the amount of approximately \$0.1 million.

Subsequent to year end, the Company increased the revolving demand credit facility to \$44 million with interest and other fees charged at the bank's prime plus a rate as determined by a pricing grid. The next interim review is scheduled for July 2009.

Investing program funding

	2008	2007
Funds flow from operations	\$ 10,853,893	\$ 93,380
Changes in non-cash working capital	2,822,441	2,647,505
Proceeds from issuance of shares (net of costs)	19,147,392	11,777,594
Repayment of bank debt	(10,885,693)	-
Change in cash during the period	10,776,213	(10,776,188)
Capital expenditures funded by cash during the year	\$ 32,714,246	\$ 3,742,291

The Company's capital investment program was funded by the issuance of equity, draws on credit facilities and cash flows.

Working capital

The capital intensive nature of the Company's activities may create a negative working capital position in years with high levels of capital investment. The working capital (excluding the current portion of future income taxes) decreased from a deficit of \$22.7 million as at September 30, 2008 to a deficit of \$19.4 million as at December 31, 2008 as a result of the Quarter's reduced capital program and the increase in the unrealized gain on financial contracts offset by the decrease in funds flow from operations. Working capital decreased to a deficit of \$19.4 million as at December 31, 2008 from a surplus of \$8.2 million at December 31, 2007. This change resulted from the 2008 capital program offset by the unrealized gain on financial contracts and the increase in funds flow from operations.

Substantially all of the Company's petroleum and natural gas production is marketed to purchasers with investment grade credit ratings. The industry has a pre-arranged monthly clearing day for payment of revenues from all buyers of crude oil and natural gas. This occurs on the 25th day following the month of sale. As a result, the Company's production revenues are collected in an orderly fashion. The Company monitors its revenue counterparty credit positions to mitigate any potential credit losses. To the extent the Company has joint interest partners in its activities it must collect, on a monthly basis, all of its partners' share of capital and operating expenses. These are subject to normal collection risk. The Company normally collects significant amounts related to partners' share of capital amounts in advance of expenditures taking place, in accordance with standard industry operating procedures. Accounts payable consist of amounts payable to suppliers on field operating activities and capital spending activities. These invoices are processed within the Company's normal payment period. At December 31, 2008, the Company had no material accounts receivable that it deemed uncollectible.

The Company actively manages its capital structure. The Company's objectives when managing capital are to maintain a flexible capital structure to allow it to execute on its capital investment program, which includes investing in oil and gas activities that may or may not be successful. The Company will strive to balance the proportion of debt and equity in its capital structure to take into account the level of risk being incurred in its capital expenditures.

GUARANTEES/OFF-BALANCE SHEET ARRANGEMENTS

The Company has no guarantees or off-balance sheet arrangements, except for certain lease agreements. Seaview has certain lease agreements that are entered into in the normal course of operations. All leases are treated as operating leases whereby the lease payments are included in operating expenses or G&A expense depending on the nature of the lease. No asset or liability value has been assigned to these leases on the balance sheet as at December 31, 2008. The total future obligation from these operating leases is described below in the section "Contractual obligations and commitments".

CONTRACTUAL OBLIGATIONS AND COMMITMENTS

The Company issued \$11,706,000 of flow through shares on October 17, 2007 under its Initial Public Offering. These funds were to be spent on qualifying expenditures prior to December 31, 2008 and as at yearend the Company had no remaining unspent balance on this commitment. The Company issued \$6.0 million of flow through shares on May 29, 2008 and a further \$4.8 million of flow through shares on December 18, 2008. These funds must be spent on qualifying expenditures by December 31, 2009. As at December 31, 2008, the Company had spent \$2.9 million toward these commitments. The Company will fund the remainder of these commitments through available credit facilities and future cash flows.

The Company must pay Crown royalties, surface rentals, mineral taxes and abandonment and reclamation costs with respect to its ongoing ownership of hydrocarbon production rights. The amounts paid with respect to these burdens will depend on the future ownership, production, commodity prices and regulatory environment at the time.

The Company enters into natural gas and crude oil financial contracts from time to time, some of which may have premiums attached to them (see Note 11). The future premiums Seaview is committed to pay are included in the table below. The Company's future contractual commitments are highlighted below:

	Total	2009	2010	2011	2012
Operating leases	\$ 1,125,321	287,316	287,316	287,316	263,373
Flow through share drilling	\$ 7,917,304	7,917,304	-	-	-
Financial instrument premiums	\$ 730,800	730,800	-	-	-
Total contractual obligations	\$ 9,773,425	8,935,420	287,316	287,316	263,373

OUTLOOK; 2009 GUIDANCE

As a result of a very successful year in 2008, Seaview is currently well positioned to continue its growth strategy in 2009 despite the current challenging economic climate. Seaview now has the following characteristics:

- Total Proven reserves are 4,786 mboe, and Total Proven plus Probable reserves are 7,256 mboe, effective December 31, 2008, as evaluated by Sproule and Associates Limited using National Instrument 51-101 reserve definitions;
- Reserve life index is 11.1 years based on Total Proven plus Probable reserves and Q4 2008 production of 1,794 boe per day;
- Net asset value is \$2.19 and \$1.70 per Class A share, using Total Proven plus Probable reserves and a before-tax 10-per-cent and 15-per-cent discount rate, respectively, including \$4.4 million in value for undeveloped land;
- Expanded credit facility of \$44 million representing a 30% increase relative to June 30, 2008. Based on year end 2008 net debt of \$19.4 million, Seaview has \$24.6 million of available credit capacity to pursue additional strategic opportunities;
- Forecast 2009 average daily production estimate of more than 2,000 boe per day compared to 2008 annual average production of 1,077 boe per day resulting in an estimated forecast production growth of 86% per share (based on 50 million Class A shares outstanding);
- Forecasted 2009 capital budget designed to be net debt neutral at the end of 2009 compared to year end 2008 based on reinvesting cash-flow plus the positive impact of drilling credits to be earned under the Government of Alberta's royalty incentive program announced on March 3, 2009;
- Incremental 440 boe per day net production coming online after April 1, 2009, qualifying for the maximum 5% royalty rate subject to certain limitations;
- Commodity hedging program providing for downside protection on 41% of 2009 forecasted average production generating a minimum \$14 million gross revenue for 2009;
- Drilling inventory of more than 80 locations, including over 60 prospects targeting multizone conventional prospects in Peace River Arch, and 20 potential locations targeting light oil in southeast Saskatchewan. Seaview's prospect inventory is not fully reflected in the company's independent reserve evaluation and therefore provides for significant long-term growth potential; and
- 50.0 million Class A shares and 1.0 million Class B shares outstanding.

CRITICAL ACCOUNTING ESTIMATES

The preparation of the financial statements in accordance with Canadian GAAP requires Management to make judgments and estimates that affect the financial results of the Company. Seaview's Management reviews its estimates regularly, but new information and changed circumstances may result in actual results or changes to estimated amounts that differ materially from current estimates. A summary of significant accounting policies are presented in Note 1 to the audited consolidated financial statements. The critical estimates are discussed below:

Petroleum and natural gas reserves

All of Seaview's petroleum and natural gas reserves are evaluated and reported on by independent petroleum engineering consultants in accordance with Canadian Securities Administrators' National Instrument 51-101 ("NI 51-101"). The evaluation of reserves is a subjective process. Forecasts are based on engineering data, projected future rates of production, commodity prices and the timing of future expenditures, all of which are subject to numerous uncertainties and various interpretations. The Company expects that its estimates of reserves will change to reflect updated information. Reserve estimates can be revised upward or downward based on the results of future drilling, testing, production levels and changes in costs and commodity prices.

Depletion expense

The Company uses the full cost method of accounting for exploration and development activities whereby all costs associated with these activities are capitalized, whether successful or not. The aggregate of capitalized costs, net of certain costs related to unproved properties, and estimated future development capital is amortized using the unit-of-production method based on estimated proved reserves. Changes in estimated proved reserves or future development capital have a direct impact on depletion expense.

Certain costs related to unproved properties and major development projects may be excluded from costs subject to depletion until proved reserves have been determined or their value is impaired. These properties are reviewed quarterly to determine if proved reserves should be assigned, at which point they would be included in the depletion calculation, or for impairment, for which any write-down would be charged to depletion and depreciation expense.

Full cost accounting ceiling test

The carrying value of property, plant and equipment is reviewed at least annually for impairment. Impairment occurs when the carrying value of the assets is not recoverable by the future undiscounted cash flows. The cost recovery ceiling test is based on estimates of proved reserves, production rates, petroleum and natural gas prices, future costs and other relevant assumptions. By their nature, these estimates are subject to measurement uncertainty and the impact on the financial statements could be material. Any impairment would be charged as additional depletion expense.

Goodwill

The Company recognizes goodwill on corporate acquisitions when the total purchase price exceeds the fair value of net identifiable assets and liabilities of the acquired entity. Goodwill is tested annually at year-end for impairment or as events occur that could result in impairment. Impairment is recognized based on the fair value of the reporting entity compared to the book value. If the fair value is less than the book value, impairment is measured by allocating the fair value to the identifiable assets and liabilities as if the Company had been acquired in a business combination for its fair value. The excess of the fair value over the amounts assigned to the identifiable assets and liabilities is the fair value of the goodwill. Any excess of the book value over this implied fair value of goodwill is the impairment amount. Impairment is charged to earnings in the period in which it occurs. Goodwill is stated at costs less impairment and is not amortized.

Asset retirement obligations

The asset retirement obligation is estimated based on existing laws, contracts or other policies. The fair value of the obligation is based on estimated future costs for abandonments and reclamations discounted at a credit adjusted risk free rate. The liability is adjusted each reporting period to reflect the passage of time, with the accretion charged to earnings and for revisions to the estimated future cash flows. By their nature, these estimates are subject to measurement uncertainty and the impact on the financial statements could be material.

Income taxes

The determination of the Company's income and other tax liabilities requires interpretation of complex laws and regulations often involving multiple jurisdictions. All tax filings are subject to audit and potential reassessment after the lapse of considerable time. Accordingly, the actual income tax liability may differ significantly from that estimated and recorded.

DISCLOSURE CONTROLS AND PROCEDURES

Disclosure controls and procedures have been designed to ensure that information required to be disclosed by Seaview is accumulated and communicated to the Company's Management as appropriate to allow timely decisions regarding required

disclosures. The Company's Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO") have concluded, based on their evaluation as of the end of the period covered by the annual filings, that the Company's internal controls over financial reporting are effective to provide reasonable assurance that material information related to the issuer, is made known to them by others within the Company. It should be noted that while the Company's CEO and CFO believe that the Company's internal controls and procedures provide a reasonable level of assurance that they are effective, they do not expect that these controls will prevent all errors and fraud. A control system, no matter how well conceived or operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met.

CHANGES IN ACCOUNTING POLICIES AND RECENT ACCOUNTING PRONOUNCEMENTS

Pending Accounting Pronouncements

International Financial Reporting Standards ("IFRS")

In 2008, the CICA Accounting Standards Board ("AcSB") confirmed the changeover to IFRS from Canadian GAAP will be required for publicly accountable enterprises effective for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The eventual changeover to IFRS represents changes due to new accounting standards. The transition from current Canadian GAAP to IFRS is a significant undertaking and the impacts on the Company's consolidated financial statements are unknown at this time.

Seaview is currently in the process of developing an implementation strategy to establish timelines and identify significant differences between Canadian GAAP and IFRS.

Business Combinations

Canadian accounting standards related to business combinations have been amended to require changes to the way companies account for business combinations. The amended standards require additional use of fair value measurements, recognition of additional assets and liabilities, and increased disclosure. Adopting this standard is expected to have a material effect on the way the Company accounts for future business combinations including requiring transaction costs to be expensed as incurred as well as requiring valuing all assets and liabilities and measuring consideration paid at the closing date. The new Canadian standards are required for all business combinations occurring on or after January 1, 2011 although early adoption is allowed.

Intangible Assets

In February 2008, the CICA Handbook implemented revisions to standards dealing with goodwill and intangible assets effective for fiscal years beginning on or after October 1, 2008. The revisions are intended to establish standards for the recognition, measurement, presentation and disclosure of goodwill and intangible assets. The Company does not expect the new standard will have a material impact on the financial position, results of operations or cash flows of the Company.

RISK ASSESSMENT

There are a number of risks facing participants in the Canadian oil and gas industry. Some of the risks are common to all businesses while others are specific to the sector. The following reviews the general and specific risks.

Exploration, development & production risks

Oil and natural gas operations involve many risks that even a combination of experience, knowledge and careful evaluation may not be able to overcome. Seaview's long-term commercial success depends on its ability to find, acquire, develop and commercially produce oil and natural gas reserves. Without the continual addition of new reserves, any existing reserves it may have at any particular time and the production therefrom will decline over time as such existing reserves are exploited. A future increase in Seaview's reserves will depend not only on its ability to explore and develop any properties it may have from time to time, but also on its ability to select and acquire suitable producing properties or prospects. No assurance can be given that the Company will be able to continue to locate satisfactory properties for acquisition or participation. Moreover, if such acquisitions or participations are identified, Seaview may determine that current markets, terms of acquisition and participation or pricing conditions make such acquisitions or participations uneconomic. There is no assurance that further commercial quantities of oil and natural gas will be discovered or acquired by Seaview. Future oil and natural 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 diligent 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.

Oil and natural gas exploration, development and production operations are subject to all the risks and hazards typically associated with such operations, including hazards such as fire, explosion, blowouts, cratering, sour gas release and spills, each of which could result in substantial damage to oil and natural gas wells, production facilities, other property and the environment or in personal injury. In accordance with industry practice, the Company is not fully insured against all of these risks, nor are all such risks insurable. Although Seaview maintains liability insurance, when available, in an amount that it considers consistent with industry practice, the nature of these risks is such that liabilities could exceed policy limits, in which event the Company could incur significant costs that could have a material adverse effect upon its financial condition. Oil and natural gas production operations are also subject to all the risks typically associated with such operations, including encountering unexpected formations or pressures, premature decline of reservoirs and the invasion of water into production formations. Losses resulting from the occurrence of any of these risks could have a material adverse effect on future results of operations, liquidity and financial condition.

Finding

Oil and gas exploration requires manpower and capital to generate and test exploration concepts. The eventual testing of a concept will not necessarily result in the discovery of economical reserves. Seaview attempts to minimize finding risk by ensuring that:

- The majority of prospects have multi-zone potential.
- Activity is focused in core regions where expertise and experience is greatest.
- Number of wells drilled is large enough to increase the probability of statistical success rates.
- Working interest is targeted at over 60 percent in new prospects.
- Geophysical techniques are utilized where appropriate.

Investment risk profile

The Company's investment selection process is based on risk analysis to ensure capital expenditures balance the objectives of immediate cash flow growth (development activity) and future cash flow from the discovery or reserves (exploration). This careful prospect selection process can yield consistent and efficient results. The Company currently focuses its activity in one core area, allowing it to leverage off its experience and knowledge in this area further aiding efficiencies. The Company attempts to maintain a broad range of investment choices to limit the investment risk by continually investing a portion of its annual budget to future years. The Company attempts to use farm-outs to minimize risk on plays it considers higher risk.

Production

Beyond exploration risk, there is the potential that the Company's oil and natural gas reserves may not be economically produced at prevailing prices. Seaview minimizes this risk by generating exploration prospects internally, targeting high quality projects and attempting to operate the associated project. Operational control allows the Company to control costs, timing, method and sales of production. Production risk is also minimized by concentrating exploration efforts in regions where facilities and infrastructure are Seaview owned, or the Company can control the future development of new facilities and infrastructure.

Reserve estimates

Economically recoverable oil and natural gas reserves (including natural gas liquids), estimated by the Company's independent engineering firm, Sproule Associated Limited, and the future net cash flows there from are based upon a number of variable factors and assumptions, such as commodity prices, projected production from the properties, the assumed effects of regulation by government agencies and future operating costs. All of these estimates may vary from actual results. Estimates of the recoverable oil and natural gas reserves attributable to any particular group of properties, classifications of such reserves based on risk of recovery and estimates of future net revenues expected there from, may vary. The Company's actual production, revenues, taxes, development and operating expenditures with respect to its reserves may vary from such estimates, and such variances could be material.

Competitive industry conditions

The western Canadian oil and natural gas industry has become a very competitive industry for oil and gas properties, undeveloped land, drillable prospects and oil and natural gas industry professionals. The Company has earned contiguous land blocks through farm-in agreements with area competitors and will continually try to earn land in this manner or through competitive bids at public land sales.

Supply of service and production equipment

The supply of service and production equipment at competitive prices is critical to the ability to add reserves at a competitive cost and produce these reserves in an economic and timely fashion. In periods of increased activity these services and supplies can become difficult to obtain. The Company attempts to mitigate this risk by developing strong long term relationships with suppliers and contractors.

Prices, markets and marketing

The marketability and price of oil and natural gas that may be acquired or discovered by the Company will be affected by numerous factors beyond its control. Seaview's ability to market its natural gas may depend upon our ability to acquire space on pipelines that deliver natural gas to commercial markets. We may also be affected by deliverability uncertainties related to the proximity of our reserves to pipelines and processing facilities, and related to operational problems with such pipelines and facilities as well as extensive government and 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.

Both oil and natural gas prices are unstable and are subject to fluctuation. Any material decline in prices could result in a reduction of our net production revenue. The economics of producing from some wells may change as a result of lower prices, which could result in a reduction in the volumes of our reserves. Seaview might also elect not to produce from certain wells at lower prices. All of these factors could result in a material decrease in the Company's net production revenue causing a reduction in its oil and gas acquisition, development and exploration activities. In addition, bank borrowings available to use are in part determined by our borrowing base. A sustained material decline in prices from historical average prices could reduce our borrowing base, therefore reducing the bank credit available to us which could require that a portion, or all, of our bank debt be repaid.

Demand for crude oil and natural gas produced by the Company exists within Canada and the US, however, crude oil prices are affected by worldwide supply and demand fundamentals while natural gas prices are affected by North American supply and demand fundamentals. Demand for natural gas liquids is dictated predominately by demand for petrochemicals in North American and offshore markets. Seaview mitigates the risks as follows:

- Natural gas is connected to mature pipeline infrastructure that operates with minimal interruptions.
- Crude oil production is of a high quality and hence not subject to adverse quality differentials
- Exploration efforts target high quality oil and liquids rich natural gas reserves.
- Exploration efforts are concentrated in regions where marketing expertise levels are highest.
- Financial instruments are used, where appropriate, to manage commodity price volatility.

Risk management

From time to time, Seaview may enter into agreements to receive fixed prices on our 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, we will not benefit from such increases. Similarly, from time to time, Seaview may enter into agreements to fix the exchange rate of Canadian to US 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, we will not benefit from the fluctuating exchange rate.

Seaview has a Hedging Policy Manual, the objective of which is to ensure cash flow is sufficient to fund the capital program and cover debt payments by reducing the exposure to commodity prices. These objectives may be achieved through the use of financial instruments or through fixed price contracts for the delivery of physical volumes. The program has established targets and guidelines as approved by the Board of Directors from time to time. Effective controls and procedures are in place to ensure that the mandate is followed.

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 that may be amended from time to time. Seaview's operations may require licenses from various governmental authorities. There can be no assurance that the Company will be able to obtain all necessary licenses and permits that may be required to carry out exploration and development at its projects.

Kyoto Protocol

Canada is a signatory to the United Nations Framework Convention on Climate Change and has ratified the Kyoto Protocol established thereunder to set legally binding targets to reduce nationwide emissions of carbon dioxide, methane, nitrous oxide and other so-called "greenhouse gases". Seaview's exploration and production facilities and other operations and activities emit greenhouse gases which will likely subject Seaview to possible future legislation regulating emissions of greenhouse gases, such as the government of Canada's proposed Clean Air Act of 2006 and Alberta's recently enacted Climate Change and Emissions Management Act. The direct or indirect costs of these regulations may adversely affect the expected business of the Seaview.

Environmental and safety risks

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 federal, provincial and local 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. Compliance with such legislation can require significant

expenditures and a breach of applicable environmental legislation may result in the imposition of fines and penalties, some of which may be material. 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 discharge of oil, natural gas or other pollutants into the air, soil or water may give rise to liabilities to governments and third parties and may require Seaview to incur costs to remedy such discharge. Although Seaview believes that it will be in material compliance with current applicable environmental regulations 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 Seaview's financial condition, results of operations or prospects. There has been much public debate with respect to Canada's ability to meet these targets and the Government's strategy or alternative strategies with respect to climate change and the control of greenhouse gases. Implementation of strategies for reducing greenhouse gases whether to meet the limits required by the Kyoto Protocol or as otherwise determined, could have a material impact on the nature of oil and natural gas operations, including those of Seaview. Given the evolving nature of the debate related to climate change and the control of greenhouse gases and resulting requirements, it is not possible to predict either the nature of those requirements or the impact on Seaview and its operations and financial condition.

There are potential risks to the environment inherent in the business activities of the Company. Seaview has developed and implemented policies and procedures to mitigate environmental, health and safety (EH&S) risks. These policies and procedures include the corporate EH&S policy, emergency response plans, and other policies and procedures. These policies and procedures are designed to protect and maintain the environment, and public and employer safety, with respect to all corporate operations on behalf of shareholders, employees and the public at large. The Company mitigates environmental and safety risks by maintaining its facilities, complying with all provincial and federal environmental and safety regulations. The Company has estimated future asset retirement obligations of \$2,164,193 as at December 31, 2008. The Company recognizes period-to-period changes in the liability of the asset retirement obligation resulting from the passage of time and revisions to either the timing or the amount of the original estimate of undiscounted cash flows.

Financial and liquidity risks – additional funding requirements

The funds flow from operations from the Company's reserves may not be sufficient to fund its ongoing activities at all times. From time to time, Seaview may require additional financing in order to carry out its oil and gas acquisition, exploration and development activities. Seaview relies on various sources of funding to support its growing capital expenditure program, including:

- Internally generated funds flow from operations provides the minimum level of funding on which the Company's annual capital expenditures program is based.
- Debt may be utilized to expand capital programs when deemed appropriate.
- New equity, if available and on favorable terms, may be utilized to expand exploration programs and fund acquisitions.

Failure to obtain such financing on a timely basis could cause the Company to forfeit its interest in certain properties, miss certain acquisition opportunities and reduce or terminate operations. If the revenues from the Company's reserves decrease as a result of lower oil and natural gas prices or otherwise, it will effect its ability to expend the necessary capital to replace its reserves or to maintain its production. If funds flow from operations is not sufficient to satisfy capital expenditure requirements, there can be no assurance that additional debt or equity financing will be available to meet these requirements or available on terms acceptable. Neither its articles nor by-laws limit the amount of indebtedness that the Company may incur. The level of indebtedness from time to time could impair its ability to obtain additional financing in the future on a timely basis to take advantage of business opportunities that may arise. In addition, funds flow from operations is influenced by factors which the Company cannot control, such as commodity prices, the US/Cdn exchange rate, interest rates and changes to existing government regulations and tax policies. Should circumstances affect funds flow from operations in a detrimental way, Seaview would respond by increasing debt to within the Company's self-imposed debt guideline and/or reducing capital expenditures.

Title to assets

Although title reviews may be conducted prior to the purchase of 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 our claim which could result in a reduction of the revenue received.

Insurance

The Company's involvement in the exploration for and development of oil and natural gas properties may result in its becoming subject to liability for pollution, blowouts, property damage, personal injury or other hazards. Although prior to drilling Seaview will obtain insurance in accordance with industry standards to address certain of these 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, Seaview 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 flow from operations. The occurrence of a significant event that Seaview is not fully insured against, or the insolvency of the insurer of such event, could have a material adverse effect on our financial position, results of operations or prospects.

Conflicts of interest

Certain directors are also directors of other oil and gas companies and as such may, in certain circumstances, have a conflict of interest requiring them to abstain from certain decisions.

Aboriginal claims

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

Reliance on key personnel

Seaview's success depends in large measure on certain key personnel. The loss of the services of such key personnel could have a material adverse affect on Seaview. We do not have key person insurance in effect for Management. The contributions of these individuals to Seaview's immediate operations are likely to be of central importance. In addition, the competition for qualified personnel in the oil and natural gas industry is intense and there can be no assurance that the Company will be able to continue to attract and retain all personnel necessary for the development and operation of our business. Investors must rely upon the ability, expertise, judgment, discretion, integrity and good faith of management.

ADDITIONAL INFORMATION

Additional information relating to the Company is filed on SEDAR and can be viewed at www.sedar.com. Information can also be obtained by contacting the Company at Seaview Energy Inc. 1500, 444 - 5th Avenue S.W., Calgary, Alberta, Canada T2P 2T8 or by email at info@Seaviewenergy.com. Information is also accessible on the Company's web site at www.Seaviewenergy.com.

COMMONLY USED ABBREVIATIONS

boe	Barrel of oil equivalent
boe/d	Barrel of oil equivalent per day
gj	Gigajoule
gj/d	Gigajoule per day
mboe	Thousand barrels of oil equivalent
mcf	Thousand cubic feet
mcf/d	Thousand cubic feet per day
mmcf	Million cubic feet
mmcf/d	Million cubic feet per day
bbl	Barrel
bbl/d	Barrels per day
MMBTU	Million British Thermal Units
6:1	Boe conversion ratio of six mcf to one bbl

CORPORATE INFORMATION

OFFICERS AND SENIOR MANAGEMENT

Michael J.J. Wuetherick, P.Eng
President and Chief Executive Officer

H. Scott Oldale
Vice President, Exploration and Chief Operating Officer

Stephanie A. Bunch, CA
Vice President, Finance and Chief Financial Officer

Davin Chandler, P.Eng
Vice President, Engineering

Timothy L. Campbell
Vice President, Land

DIRECTORS

Paul Colborne,⁽³⁾ *Calgary, Alberta*
Chairman

Daryl Gilbert, *P.Eng, Calgary, Alberta*
Reserves Committee Chair and Health, Safety & Environment
Committee Chair

James Howe,⁽⁴⁾ *CA, Calgary, Alberta*
Audit Committee Chair

Gregory Turnbull,⁽³⁾ *LLB, Calgary, Alberta*
Corporate Governance Committee Chair

Steven VanSickle,^{(1),(2),(5)} *Calgary, Alberta*
Compensation Committee Chair

Robert Peters,^{(3),(4)} *Calgary, Alberta*
Director

Michael Culbert,⁽¹⁾ *Calgary, Alberta*
Director

Bruce Francis,^{(2),(5)} *P.Eng, Calgary, Alberta*
Director

Michael J.J. Wuetherick, *P.Eng, Calgary, Alberta*
President, Chief Executive Officer and Director

H. Scott Oldale, *Calgary, Alberta*
Vice President, Exploration, Chief Operating Officer and Director

Sanjib Gill, *LLB, Calgary, Alberta*
Corporate Secretary

⁽¹⁾ Member of the Audit Committee

⁽²⁾ Member of the Reserves Committee

⁽³⁾ Member of the Compensation Committee

⁽⁴⁾ Member of the Corporate Governance Committee

⁽⁵⁾ Member of the Health, Safety and Environment Committee

BANKERS

National Bank of Canada

PETROLEUM CONSULTANTS

Sproule Associates Limited
Calgary, Alberta

LEGAL COUNSEL

McCarthy Tétrault LLP
Calgary, Alberta

AUDITORS

KPMG LLP
Calgary, Alberta

REGISTRAR AND TRANSFER AGENT

Olympia Trust Company
Calgary, Alberta

STOCK EXCHANGE LISTING

TSX - Venture: CVU.A & CVU.B

INVESTOR RELATIONS

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E-mail: info@seaviewenergy.com

SEAVIEW ENERGY INC

The logo for Seaview Energy Inc features the company name in a bold, black, sans-serif font. The word "SEAVIEW" is on the top line and "ENERGY INC" is on the bottom line. A stylized orange and blue circular graphic is positioned behind the letter 'A' in "SEAVIEW". Below the text is a horizontal bar with a blue-to-orange gradient.

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