

**SEAVIEW ENERGY INC.**  
**CONSOLIDATED BALANCE SHEETS**  
(unaudited)

	As at March 31 2008	As at December 31 2007
<b>CURRENT ASSETS</b>		
Cash	\$ 8,981,385	\$ 10,776,213
Accounts receivable	2,152,026	1,434,401
Prepaid expenses and deposits	218,553	233,868
<b>Total current assets</b>	<b>11,351,964</b>	<b>12,444,482</b>
Property and equipment <i>(Note 3)</i>	20,358,572	16,226,209
Goodwill <i>(Note 2)</i>	3,331,351	3,331,351
<b>TOTAL ASSETS</b>	<b>\$ 35,041,887</b>	<b>\$ 32,002,042</b>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	\$ 7,296,125	\$ 4,201,597
Financial contract <i>(Note 7)</i>	254,887	-
<b>Total current liabilities</b>	<b>7,551,012</b>	<b>4,201,597</b>
Future income taxes	5,548,631	2,570,406
Asset retirement obligation <i>(Note 4)</i>	320,953	196,963
<b>Total liabilities</b>	<b>13,420,596</b>	<b>6,968,966</b>
<b>SHAREHOLDERS' EQUITY</b>		
Share capital <i>(Note 6)</i>	\$ 22,186,534	\$ 25,334,705
Contributed surplus <i>(Note 6)</i>	163,189	73,446
Deficit	(728,432)	(375,075)
<b>Total shareholders' equity</b>	<b>21,621,291</b>	<b>25,033,076</b>
<b>TOTAL LIABILITIES &amp; SHAREHOLDERS' EQUITY</b>	<b>\$ 35,041,887</b>	<b>\$ 32,002,042</b>

Commitments *(Note 7)*

Subsequent events *(Notes 8 and 9)*

See accompanying notes to the interim consolidated financial statements

**SEAVIEW ENERGY INC.****CONSOLIDATED STATEMENTS OF NET LOSS AND COMPREHENSIVE LOSS AND DEFICIT**

(unaudited)

	Three month ended March 31		
	2008		2007
Revenue			
Petroleum and natural gas sales	\$ 1,130,240	\$	-
Royalties	265,178		-
	<b>865,062</b>		-
Expenses			
Operating expenses	251,697		-
Transportation expense	28,053		-
General and administrative	281,928		-
Interest income	(49,034)		-
Unrealized loss on financial contract <i>(Note 8)</i>	254,887		-
Stock option compensation <i>(Note 6)</i>	45,497		-
Depletion, depreciation & accretion	568,325		-
	<b>1,381,353</b>		-
Loss before taxes	\$ (516,291)	\$	-
Future income tax reduction	(162,934)		-
Net loss and comprehensive loss	\$ (353,357)	\$	-
Deficit, beginning of period	(375,075)		-
Deficit, end of period	\$ (728,432)	\$	-
Loss per share – basic and diluted <i>(Note 6)</i>	\$ (0.02)	\$	-

See accompanying notes to the interim consolidated financial statements

**SEAVIEW ENERGY INC.**  
**CONSOLIDATED STATEMENTS OF NET CASH FLOWS**  
(unaudited)

Three months ended March 31

	2008		2007	
<b>Operating activities</b>				
Net loss	\$	(353,357)	\$	-
Depletion, depreciation and accretion		568,325		-
Unrealized loss on financial derivatives		254,887		-
Stock option compensation		45,497		-
Future Income tax reduction		(162,934)		-
		352,418		-
Changes in non-cash working capital		(20,288)		-
Cash provided by operating activities	\$	332,130	\$	-
<b>Financing activities</b>				
Share issue costs		(23,171)		-
Cash used in financing activities	\$	(23,171)	\$	-
<b>Investing activities</b>				
Property and equipment additions		(4,516,294)		-
Changes in non-cash working capital		2,412,506		-
Cash used in investing activities	\$	(2,103,788)	\$	-
Decrease in cash during the period	\$	(1,794,828)	\$	-
Cash – beginning of period		10,776,213		-
Cash – end of period	\$	8,981,385	\$	-

See accompanying notes to the interim consolidated financial statements

## SEAVIEW ENERGY INC.

### NOTES TO THE UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

The three months ended March 31, 2008

#### 1. Significant accounting policies

##### Nature of business and basis of presentation

Seaview Energy Inc (the "Company" or "Seaview") is incorporated under the Business Corporations Act (Alberta). The Company's principal business activity is the exploration, development and operation of oil and gas properties. The interim unaudited consolidated financial statements are stated in Canadian dollars and have been prepared by management in accordance with Canadian generally accepted accounting principles. Management makes estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and revenues and expenses during the reporting period. Management reviews these estimates, including those related to accruals, litigation, environmental and asset retirement obligations, income taxes and the determination of proved reserves on an ongoing basis. Changes in facts and circumstances may result in revised estimates, and actual results may differ from these estimates. These consolidated financial statements have, in management's opinion, been properly prepared using careful judgment within reasonable limits of materiality and within the framework of the significant accounting policies consistent with those accounting policies and methods of computation for the fiscal year ended December 31, 2007. Accordingly, these interim unaudited consolidated financial statements should be read in conjunction with the audited consolidated financial statements and the notes thereto for the periods ended December 31, 2007 and 2006.

#### 2. Business combination

On October 17, 2007, the Company closed the acquisition of 1276921 Alberta Ltd ("PrivateCo"). The Company issued 0.9076 Seaview Class A shares for each common share of PrivateCo outstanding, for a value of \$1.38 per Seaview Class A share. The purchase was accounted for as an acquisition of PrivateCo by the Company at October 17, 2007 using the purchase method of accounting. The purchase price allocation is as follows:

Property and equipment	\$	13,052,000
Working capital		114,177
Goodwill		3,331,351
Future income taxes		(2,989,063)
Asset retirement obligation		(151,512)
	\$	13,356,953
Consideration was comprised of:		
9,602,507 Class A shares		13,251,448
Transaction costs		105,505
	\$	13,356,953

#### 3. Property and equipment

	March 31, 2008	December 31, 2007
Petroleum and natural gas assets	\$ 21,480,617	\$ 16,783,763
Accumulated depletion and depreciation	(1,122,045)	(557,554)
Property and equipment, net	\$ 20,358,572	\$ 16,226,209

For the three months ended March 31, 2008, the Company capitalized general and administrative expenses directly relating to exploration and development activities in the amount of \$182,867 (\$184,133 – December 31, 2007) and stock option compensation of \$60,404 (including tax effect of \$16,158) (\$52,451 (including tax effect of \$15,625) – December 31, 2007).

Unproved property costs amounting to \$601,442 have been excluded from costs subject to depletion at March 31, 2008 (\$498,861 – December 31, 2007) and future development costs of \$1,344,000 (\$833,000 – December 31, 2007) have been included in costs subject to depletion.

## SEAVIEW ENERGY INC.

### NOTES TO THE UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

The three months ended March 31, 2008

#### 4. Asset retirement obligation

The total future asset retirement obligations were estimated by management based on the Company's net working interest in all wells and facilities, estimated costs to reclaim and abandon wells and facilities and the estimated timing of the costs to be incurred in future periods. By their nature, these estimates are subject to measurement uncertainty and the effect on the financial statements could be significant. The Company estimates the undiscounted cash flows related to the asset retirement obligations, adjusted for inflation, to be incurred over the next 15 years will total approximately \$879,466, with the majority of the expenditures to be incurred between 2017 and 2022. The fair value at March 31, 2008 is \$320,953 (\$196,963 – December 31, 2007) using a discount rate of 8% per annum and an inflation rate of 2% per annum. As at March 31, 2008, no funds have been set aside to settle this obligation.

Balance, beginning of period	\$	196,963
Liabilities incurred		120,156
Accretion expense		3,834
Balance, end of period	\$	320,953

#### 5. Secured credit facility

At March 31, 2008, the Company had a \$2.0 million credit facility, which had no amounts drawn against it. Subsequent to the period end, the credit facility was increased to \$13.5 million, as discussed in Note 9.

#### 6. Share capital

	Number	Amount
<b>Class A shares</b>		
Balance, December 31, 2006	100	\$ 25
Issued for cash	9,470,400	2,367,600
Issued for corporate acquisition	9,602,507	13,251,448
Share issue costs (net of tax of \$305,638)	-	(819,768)
Balance, December 31, 2007	19,073,007	\$ 14,799,305
Share issue costs (net of tax of \$6,198)	-	(16,972)
Tax effect on flow through shares	-	(313,120)
Balance, March 31, 2008	19,073,007	14,469,213
<b>Class B shares</b>		
Balance, December 31, 2006	-	\$ -
Issued for cash	1,053,540	10,535,400
Balance, December 31, 2007	1,053,540	\$ 10,535,400
Tax effect on flow through shares	-	(2,818,079)
Balance, March 31, 2008		7,717,321
Total share capital, balance March 31, 2008		\$ 22,186,534

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.

## SEAVIEW ENERGY INC.

### NOTES TO THE UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

The three months ended March 31, 2008

#### 6. Share capital (continued)

##### Stock option plan

The Company has a stock option plan (the "Plan") pursuant to which options to purchase Class A shares may be granted by the board of directors to directors, officers, employees of, and consultants to, the Company. The Plan has reserved for issuance a number of Class A Shares equal to 10% of the Class A shares issued and outstanding from time to time and no optionee is permitted to hold options entitling such optionee to purchase more than 5% of the issued and outstanding Class A shares. Options granted under the Plan will have an exercise price which is not less than the price allowed by regulatory authorities, will be non-transferable and will be exercisable for a period not to exceed five years.

Options granted under the Plan will terminate upon the date which is 30 days from the termination of an optionee's employment or, from the date such optionee ceased to be a director of the Company, unless the directors of the Company determine otherwise, or, provided the optionee has died and was an employee or director for at least one year following the grant of the options, shall terminate six months following the death of the optionee.

The options will vest as to one-third on each of the first, second and third anniversaries of the date of the grant. At March 31, 2008, the Company has 1,640,000 options under the Plan with an average exercise price of \$0.68. The issued options have a weighted average contractual life of 4.9 years and no options were exercisable.

The Company issued 724,690 stock options during the three months ended March 31, 2008 (958,810 during the year ended December 31, 2007) with an exercise price of \$1.00 per Class A share (\$0.40 – December 31, 2007) and cancelled 43,500 options previously issued. At March 31, 2008, 1,640,000 options were outstanding with an average exercise price of \$0.68 and a weighted average remaining contractual life of 4.9 years (958,810 outstanding at December 31, 2007 with a weighted average remaining contractual life of 4.8years). None of the options were exercisable.

For the period ended March 31, 2008, the Company recorded a compensation expense of \$45,497 (\$36,620 – December 31, 2007) and capitalized \$60,404 (including tax effect of \$16,158), (\$52,451 (including tax effect of \$15,625) – December 31, 2007).

The fair value of the options granted during the periods ended March 31, 2008 and December 31, 2007 was estimated on the date of the grants using the Black-Scholes option pricing model with the following assumptions and resulting values:

Assumptions	March 31, 2008	December 31, 2007
Risk free interest rate	2.9%	4.35%
Expected life	5.00 years	5.00 years
Expected volatility	72.62%	56.65%
Fair value of options granted	\$ 0.61	\$ 1.10

##### Per share amounts

Per share amounts have been calculated using the weighted average number of shares outstanding during the period. The basic weighted average number of shares outstanding for the period ended March 31, 2008 was 20,126,547 (nil - March 31, 2007). Options totaling 1,640,000 were excluded from the calculation of diluted loss per share as the effect would have been anti-dilutive.

The following table reconciles the Company's contributed surplus	March 31, 2008	December 31, 2007
Balance, beginning of period	\$ 73,446	\$ -
Stock based compensation expense	45,497	36,620
Stock based compensation capitalized	44,246	36,826
Balance, end of period	\$ 163,189	\$ 73,446

## SEAVIEW ENERGY INC.

### NOTES TO THE UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

The three months ended March 31, 2008

#### 7. Commitments

As part of the Company's land capture strategy, it will commit to industry partners to drill wells and/or shoot seismic in order to earn positions in contiguous land blocks. As at March 31, 2008, Seaview had commitments to drill 1 well and to re-enter and complete a series of wells, totaling approximately \$1.5 million (net) in 2008 which will earn lands from area competitors in the Peace River Arch area of northwest Alberta.

The Company issued \$11,706,000 of flow through shares on October 17, 2007 under the IPO. These funds must be spent on qualifying expenditures prior to December 31, 2008. As at March 31, 2008, the Company had a remaining commitment to spend \$5.4 million. Part of this commitment is fulfilled by fulfilling the farm-in obligations noted above.

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.

On April 1, 2008, the Company assumed the derivative financial instruments of 1332915 Alberta Ltd ("133") as part of the corporate acquisition. The terms and conditions of these contracts are disclosed in Note 8. The future premiums Seaview is committed to pay are included in the table below. The Company's future contractual commitments are highlighted below:

	Total	2008	2009	2010	2011	2012
Operating leases	\$ 1,340,808	215,487	287,316	287,316	287,316	263,373
Farm-in and flow through share drilling	\$ 6,902,968	6,902,968	-	-	-	-
Financial instrument premiums	\$ 299,300	250,500	73,800	-	-	-
Total contractual obligations	\$ 8,543,076	7,343,955	361,116	287,316	287,316	263,373

#### 8. Financial instruments

There are no significant changes in the risks of the Company from those disclosed in Note 8 of the audited consolidated financial statements for the periods ended December 31, 2007 and 2006.

##### Financial contracts

The Company enters into natural gas financial contracts from time to time for the purpose of protecting its cash flow from operations (before changes in non-cash working capital) from the volatility of natural gas prices. The contract outstanding as at March 31, 2008 is as follows:

Natural gas	Volume	Pricing Point	Strike Price	Cost/Premium	Term	Value
Fixed price swap	500 gj/d	AECO Daily	\$ 7.83/gj	\$ -	April 1, 2008 to March 31, 2009	(\$254,887)

In conjunction with the acquisition noted in Note 8, the following financial contract was acquired:

Natural gas	Volume	Pricing Point	Strike Price	Cost/Premium	Term	Value
Put	1,000 gj/d	AECO Monthly	\$ 7.57/gj	\$ 0.82/gj	April 1, 2008 to March 31, 2009	(\$178,663)

#### 9. Subsequent events

- On April 1, 2008, the Company acquired all of the outstanding common shares of 133 with the issuance of 8,049,250 Class A shares with an ascribed value of \$1.00. The Company also assumed all of 133's outstanding obligations and financial contracts. Concurrently, the Company increased the available credit under a secured lending agreement with a Canadian chartered Bank from \$2.0 million to \$13.5 million. The acquisition will be accounted for using the purchase method of accounting where the Company is the acquirer. One member of the Board of Directors and one member of management acquired 958,260 of the Seaview Class A shares issued in conjunction with the acquisition.

## SEAVIEW ENERGY INC.

### NOTES TO THE UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

The three months ended March 31, 2008

#### 9. Subsequent events (continued)

The purchase price allocation is estimated as at December 31, 2007 as follows and is subject to change once the final values are known:

Current assets	\$	2,046,624
Property, plant and equipment		27,664,000
Bank debt		(18,407,664)
Accounts payable and accrued liabilities		(2,426,613)
Unrealized loss on derivative contract		(178,663)
Goodwill		6,610,913
Future income taxes		(6,546,561)
Asset retirement obligations		(462,786)
	\$	8,299,250
Consideration will be comprised of:		
Issuance of 8,049,250 Class A shares		8,049,250
Estimated transaction costs		250,000
	\$	8,299,250

- b. On May 6, 2008, the Company announced a bought deal equity financing for \$5 million (prior to a \$1 million over-allotment) on a flow through basis. The financing is expected to close on or about May 29, 2008 and if fully exercised, 2,792,000 Class A shares will be issued at \$2.15 per share, resulting in gross proceeds will be \$6 million with net proceeds of approximately \$5.4 million, after deducting commissions and estimated out of pocket expenses. After the closing of the 133 acquisition and equity financing, the Company will have 29,914,257 Class A shares and 1,053,540 Class B shares outstanding.

## 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 <sup>(1),(3)</sup> *Calgary, Alberta*  
Chairman

Daryl Gilbert, <sup>(4)</sup> *P.Eng, Calgary, Alberta*  
Reserves and Environment Committee Chair

James Howe, <sup>(4)</sup> *CA, Calgary, Alberta*  
Audit Committee Chair

Gregory Turnbull, <sup>(2),(3)</sup> *LLB, Calgary, Alberta*  
Corporate Governance Committee Chair

Steven VanSickle, <sup>(1),(2)</sup> *Calgary, Alberta*  
Compensation Committee Chair

Robert Peters, *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

<sup>(1)</sup> *Member of the Audit Committee*

<sup>(2)</sup> *Member of the Reserves and Environment Committee*

<sup>(3)</sup> *Member of the Compensation Committee*

<sup>(4)</sup> *Member of the Corporate Governance Committee*

### BANKERS

National Bank of Canada

### PETROLEUM CONSULTANTS

Sproule Associates Limited  
Calgary, Alberta

### LEGAL COUNSEL

McCarthy Tetrault LLP  
Calgary, Alberta

### REGISTRAR AND TRANSFER AGENT

Olympia Trust Company  
Calgary, Alberta

### STOCK EXCHANGE LISTING

TSX - Venture: CVU.A & CVU.B

### AUDITORS

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