

## 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 November 17, 2008 and should be read in conjunction with the unaudited interim consolidated financial statements and selected notes for the period ended September 30, 2008 and the audited consolidated financial statements and MD&A of Seaview for the periods ended December 31, 2007 and 2006. 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, there is no comparative information for the period ended September 30, 2007. 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 three and nine months ended September 30, 2008 and the three months ended December 31, 2007 is as follows:

	Three months ended September 30, 2008		Nine months ended September 30, 2008		Three months ended December 31, 2007	
Funds flow from operations	\$	4,318,985	\$	7,297,987	\$	98,865
Changes in non-cash working capital		(348,221)		(1,249,905)		(461,595)
Cash provided by operating activities	\$	3,970,764	\$	6,048,082	\$	(362,730)
Funds flow from operations per share	\$	0.09	\$	0.23	\$	0.01
Changes in non-cash working capital per share		(0.01)		(0.04)		(0.03)
Cash provided by operating activities per share	\$	0.08	\$	0.19	\$	(0.02)

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**

<b>Financial</b>	<b>Q3 2008</b>		<b>YTD 2008</b>		<b>Q2 2008</b>
Petroleum and natural gas sales	\$	8,490,520	\$	14,771,560	\$ 5,150,800
Funds flow from operations		4,318,985		7,297,987	2,626,583
Basic per share		0.09		0.23	0.09
Diluted per share		0.09		0.21	0.09
Net earnings (loss)		2,874,138		1,921,417	(599,364)
Basic per share		0.06		0.06	(0.02)
Diluted per share		0.06		0.05	(0.02)
Capital expenditures		13,596,546		26,044,993	7,932,153
Corporate acquisitions		37,204,709		61,584,957	24,380,248
Net Debt		(22,671,894)		(22,671,894)	(14,204,306)
<b>Shares Outstanding at period end</b>					
Class A		47,005,185		47,005,182	38,214,257
Class B		1,053,540		1,053,540	1,053,540
<b>Operations</b>					
Daily production					
Natural gas (mcf/d)		6,602		4,177	4,446
Light oil and NGLs (bbl/d)		322		141	95
Total production (boe/d)		1,422		837	836
Average realized sales price					
Natural gas (per mcf)	\$	8.15	\$	9.12	\$ 10.83
Light oil and NGL (per bbl)		117.96		115.34	106.96
Netback per boe					
Sales price (net of risk management losses)	\$	64.92	\$	64.42	\$ 67.70
Royalties		16.85		15.34	13.79
Operating expenses		7.78		9.16	10.93
Transportation		1.32		1.20	0.98
Operating netback	\$	38.97	\$	38.72	\$ 42.00

**HIGHLIGHTS OF THIRD QUARTER OF 2008 AND SUBSEQUENT EVENTS**

- Average reported production increased 70% to 1,422 boe per day compared to the average production for the second quarter of 2008 of 836 boe per day. Production per share increased 38% over the same period;
- Since commencing operations on October 17, 2007, the record production levels in the third quarter mark the Company's fourth consecutive quarter of growth;
- During the quarter Seaview announced an upward revision to reserves increasing the Company's Total Proven reserves 899% (304% per share) since December 31, 2007 to 4,104 Mboe and increasing Total Proven plus Probable reserves by 710% (227% per share) during the same period to 5,733 Mboe;
- Funds flow from operations for the quarter increased 64% to \$4.3 million from \$2.7 million in the second quarter of 2008 while cash flow per share remained unchanged for the quarter;
- The Company drilled and cased 10 wells (5.6 net) in the Quarter with a 100% success rate;
- On July 10, 2008, Seaview closed a bought-deal financing for gross proceeds of \$10 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 \$38.2 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. The acquisition added 525 boe per day of predominately natural gas production in Seaview's Peace River Arch core area; and

- Increased credit facility to \$34 million with the next review in May, 2009.

## RESULTS OF OPERATIONS FOR THE THIRD QUARTER OF 2008

### Corporate acquisition closed on July 24, 2008

On July 24, 2008, the Company acquired all of the outstanding common shares of C3 Resources Ltd (“C3”) with the issuance of 5,891,925 Class A shares with an ascribed value of \$3.24, and approximately \$6.3 million of cash. The Company also assumed all of C3’s outstanding obligations for total consideration of approximately \$38.2 million. Concurrently, the Company increased the available credit under a secured lending agreement with a Canadian chartered bank from \$25 million to \$34 million. The purchase has been accounted for as an acquisition of C3 by Seaview using the purchase method of accounting.

The purchase price is estimated at September 30, 2008 as follows:

Property, plant and equipment	\$	37,792,180
Working capital surplus		518,728
Bank debt		(11,996,178)
Goodwill		4,840,258
Future income taxes		(5,033,732)
Asset retirement obligations		(393,996)
	\$	25,727,260
Consideration will be comprised of:		
Issuance of 5,891,925 Class A shares		19,089,837
Cash		6,337,423
Estimated transaction costs		300,000
	\$	25,727,260

The results of operations include net revenue from this transaction effective July 24, 2008. The above amounts are estimates which were made by management at the time of the preparation of these financial statements based on information available. Amendments may be made to these amounts as values subject to estimate are finalized.

### Operations

For the three and nine months ended September 30, 2008, the Company recorded net earnings of \$2,751,512 and \$1,798,791, respectively (net loss of \$599,364 for the second quarter of 2008). As operations commenced in October, 2007, no prior period amounts relating to results of operations are presented.

The following table summarizes selected information for the third quarter of 2008 (the “Quarter” or “Q3 2008”), the nine months ended September 30, 2008 (“Year to Date” or “YTD 2008”) and the second quarter of 2008 (the “Previous Quarter” or “Q2 2008”):

	Q3 2008	YTD 2008	Q2 2008
Daily Production			
Natural gas (mcf/d)	6,602	4,177	4,446
Crude oil and NGL's (bbl/d)	322	141	95
Boe/d day @ 6:1	1,422	837	836
Petroleum and natural gas sales	\$ 8,490,520	\$ 14,771,560	\$ 5,150,800
Funds flow from operations	4,318,985	7,297,987	2,626,583
Per share – basic	0.09	0.23	0.09
Per share – diluted	0.09	0.21	0.09
Net earnings (loss)	2,874,138	1,921,417	(599,364)
Per share – basic	0.06	0.06	(0.02)
Per share – diluted	0.06	0.05	(0.02)

## Commodity prices

The AECO Daily Index gas price averaged \$7.36 per gj or \$7.77 per mcf for the Quarter as compared to \$9.68 per gj or \$10.22 per mcf during the Previous Quarter. The natural gas price received by Seaview, before risk management losses, was \$8.15 per mcf for the Quarter compared to \$10.83 per mcf for the Previous Quarter. 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\$118.14 per bbl during the Quarter compared to US\$ 123.97 per bbl during the Previous Quarter. Seaview received a combined average price, including natural gas liquids, of \$117.96 per bbl during the Quarter compared to \$106.96 during the Previous Quarter. The average price received during the quarter increased while commodity prices decreased as a result of a decrease in quality differentials.

The Canadian dollar averaged US\$1.042 during the Quarter as compared to \$1.010 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 September 30, 2008, the Company recorded an unrealized gain on financial contracts of \$1,711,354 reflecting the fair value of the natural gas and crude oil contracts outstanding at September 30, 2008.

Subsequent to the quarter end, the Company liquidated the fixed price contract on the natural gas swap and the crude oil collar for proceeds of \$1.7 million. These proceeds were then used to buy "in-the-money" gas put contracts as follows:

Natural gas	Volume	Pricing Point	Strike Price	Ceiling	Premium	Term
Put	1,500 gj/d	AECO Monthly	\$ 8.50/gj	\$ -	\$ -	November '08 – December '09
Put	1,000 gj/d	AECO Monthly	\$ 9.00/gj	\$ -	\$ -	April '09 – December '09

The total volumes hedged for the period of October 2008 to December 2009 (including transactions subsequent to the quarter end) are detailed below. See Note 9 of the unaudited interim consolidated financial statements for a description of the contracts.

Natural Gas	Q4 '08	Q1 '09	Q2 '09	Q3 '09	Q4 '09
<b>Puts</b>					
Volumes – gj/d	3,163	3,500	3,500	3,500	3,500
Net floor (\$/gj)	\$7.98	\$8.06	\$8.70	\$8.70	\$8.70
<b>Crude Oil</b>					
<b>Costless Collar</b>					
Volumes – bbl/d	34	-	-	-	-
Floor – CAD\$/bbl	\$126.00				
Ceiling – CAD\$/bbl	\$151.00				

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 35 % 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

	Q3 2008		YTD 2008		Q2 2008
Natural gas	\$	4,952,037	\$	10,432,120	\$ 4,383,715
Crude oil and natural gas liquids		3,485,344		4,445,216	926,000
Realized risk management gains (losses)		53,139		(105,776)	(158,915)
Petroleum and natural gas sales (net)	\$	8,490,520	\$	14,771,560	\$ 5,150,800
\$/boe	\$	64.92	\$	64.42	\$ 67.70

Petroleum and natural gas sales for the Quarter and Year to Date, before royalties and transportation costs were \$8.5 million and \$14.8 million, respectively (\$5.2 million – Previous Quarter). The increase is attributable to the addition of Saskatchewan oil properties in late June, the acquisition of C3 in late July, new wells coming on production during the Quarter as well as an increase in oil price offset by a decrease in natural gas prices. The Company received \$53,139 in realized gains, net of premiums, on crude oil and natural gas financial contracts during the Quarter while year to date the company has paid \$105,776 in realized losses and premiums.

## Royalties

	Q3 2008		YTD 2008		Q2 2008
Royalties	\$	2,203,075	\$	3,517,534	\$ 1,049,281
Percentage of petroleum and natural gas revenue		25.9%		23.8%	19.8%
\$/boe	\$	16.85	\$	15.34	\$ 13.79

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 Year to Date totaled \$2.2 million and \$3.5 million, respectively (\$1.0 million – Previous Quarter). As a percentage of sales, royalties averaged 25.9% during the Quarter or \$16.85 per boe and 23.8% and \$15.34 per boe Year to Date (19.8% and \$13.79 per boe, comparatively, for the Previous Quarter). The royalty rate increased during the Quarter due in part to a full production quarter including the Saskatchewan oil properties which typically incur a higher royalty rate while the previous quarter included positive adjustments for gas cost allowance and custom processing which reduced that quarter's royalty rate comparatively.

## Operating expenses

	Q3 2008		YTD 2008		Q2 2008
Operating expenses	\$	1,017,928	\$	2,101,137	\$ 831,512
\$/boe	\$	7.78	\$	9.16	\$ 10.93

Operating expenses for the Quarter and Year to Date were \$1.0 million and \$2.1 million, respectively (\$0.8 million – Previous Quarter). On a unit-of-production basis, operating expenses averaged \$7.78 and \$9.16 per boe, respectively (\$10.93 per boe – Previous Quarter). Operating expenses were lower than in the Previous Quarter in part because the operating costs associated with the 133Co and C3 assets have slightly lower operating costs on a per boe basis as well as positive adjustments relating to accruals (estimates) for prior periods being realized in the current quarter.

## Transportation expense

	Q3 2008		YTD 2008		Q2 2008
Transportation expense	\$	172,473	\$	274,919	\$ 74,373
\$/boe	\$	1.32	\$	1.20	\$ 0.98

For the Quarter, transportation expense totaled \$172,473 or \$1.32 per boe and Year to Date transportation expense totaled \$274,919 or \$1.20 per boe (\$74,373 or \$0.98 per boe – Previous Quarter). A large portion of the transportation expenses for Q3 relate to oil transportation for the Saskatchewan oil production whereas Q2 transportation related mainly to natural gas pipeline tariff charges. The increase in transportation costs on a per boe basis is consistent with the commodity mix change in the Quarter compared to the Previous Quarter.

## General and administrative (“G&A”)

	Q3 2008		YTD 2008		Q2 2008
G&A expenses	\$	862,162	\$	2,240,458	\$ 800,052
Overhead recoveries		(457,992)		(1,152,832)	(398,524)
Net G&A expenses		404,170		1,087,626	401,528
\$/boe	\$	3.09	\$	4.74	\$ 5.28

During the Quarter and Year to Date, G&A, net of overhead recoveries on operated properties and capitalized expenditures, totaled \$0.4 million and \$1.1 million, respectively (\$0.4 million – Previous Quarter). On a unit-of-production basis, G&A expenses were \$3.09 and \$4.74 per boe (\$5.28 per boe – Previous Quarter). The G&A per boe decrease during the quarter is mainly attributable to the substantial increase in production associated with Saskatchewan oil properties added June 26, 2008 and the C3 acquisition which closed July 24, 2008 offset by a small increase in net G&A costs, the majority of which is associated with increased staffing requirements.

## Interest expense

	Q3 2008		YTD 2008		Q2 2008
Interest expense	\$	373,889	\$	492,356	\$ 167,503
\$/boe	\$	2.86	\$	2.15	\$ 2.20

Interest expense, representing interest paid on drawn amounts of the secured credit facility, standby fees and banking fees paid during the Quarter and Year to Date was \$373,889 or \$2.86 per boe and \$492,358 or \$2.15 per boe, respectively (\$167,503 or \$2.20 per boe – Previous Quarter). The average balance drawn during the Quarter was \$17.2 million, (\$8.5 million average balance drawn – Previous Quarter), with an average of 5.2 % per annum paid (4.8 % per annum paid – Previous Quarter). The expense for Q3 also includes \$148,678 of Part XII.6 tax related to flow through share capital that was incurred in 2007, pursuant to the look-back rules, on a predecessor’s 2006 flow through share issuance.

## Stock option compensation

The Company has a stock option plan, which is fully described in Note 6 of the unaudited interim consolidated financial statements. The Company issued 1,605,000 stock options during the Quarter (702,500 during the Previous Quarter) with an exercise price of \$3.80 per Class A share (\$3.20 – Previous Quarter). At September 30, 2008, 3,942,500 options were outstanding with an average exercise price of \$2.39 and a weighted average remaining contractual life of 4.6 years (958,810 outstanding at December 31, 2007 with a weighted average remaining contractual life of 4.8 years). None of the options were exercisable.

For the Quarter and Year to Date, the Company recorded a compensation expense of \$242,632 and \$368,331, respectively (\$80,202 - Previous Quarter) and capitalized \$313,505 and \$482,308, respectively (including tax effect of \$69,361 and \$116,695, respectively), (\$108,400 (including tax effect of \$31,176) – Previous Quarter).

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

The Quarter and Year to Date provision for DD&A totaled \$3.4 million and \$6.0 million, respectively (\$2.0 million – Previous Quarter). On a unit-of-production basis, DD&A costs averaged \$26.15 and \$26.08 per boe, respectively (\$26.17 per boe – Previous Quarter). Growth in the depletable base of reserves has been consistent quarter over quarter and therefore the depletion rate per boe has remained consistent.

## Unrealized gains (losses) on financial contracts

The Company does not use hedge accounting and accordingly, the fair value of the financial contracts (as discussed in Note 9 of the unaudited interim 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 September 30, 2008 of these contracts was an unrealized gain of \$1.7 million. During the Quarter and Year to Date, the Company recorded an unrealized gain of \$3.1 million and \$1.9 million, respectively, as a result of the change in fair value over the respective periods (\$0.9 million loss – Previous Quarter).

## Future income taxes

A future income tax expense of \$841,525 and \$919,213 has been recorded for the Quarter and Year to Date (\$240,620 – Previous Quarter). No current tax expense has been recorded as Seaview is not subject to capital taxes and has no current income tax liability.

## Net earnings (loss) and funds flow from operations

Net earnings for the Quarter and Year to Date was \$2.9 million and \$1.9 million, respectively (\$599,364 loss – Previous Quarter). Seaview commenced active operations in the fourth quarter of 2007, accordingly, no comparatives to Q3 2007 are presented. Basic net earnings per share for the Quarter and Year to Date was \$0.06 and \$0.06 while diluted net earnings per share was \$0.06 and \$0.05, respectively (basic and diluted net loss per share of \$0.02 – Previous Quarter). Funds flow from operations was \$4.3 million for the Quarter and \$7.3 million Year to Date (\$2.6 million – Previous Quarter). Basic funds flow from operations per share for the Quarter and Year to Date was \$0.09 and \$0.23 and diluted funds flow from operations per share was \$0.09 and \$0.21, respectively (basic and diluted funds flow from operations per share - \$0.09 – Previous Quarter).

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

Netbacks (\$/boe)	Q3 2008	YTD 2008	Q2 2008
Petroleum and natural gas sales	\$ 64.92	\$ 64.42	\$ 67.70
Less:			
Royalties	16.85	15.34	13.79
Operating expenses	7.78	9.16	10.93
Transportation expense	1.32	1.20	0.98
Net operating income (operating netback)	\$ 38.97	\$ 38.72	\$ 42.00
General and administrative	3.09	4.74	5.28
Interest expense	2.86	2.15	2.20
Funds flow from operations	33.02	31.83	34.52
Depletion, depreciation and accretion	26.15	26.08	26.17
Unrealized (gain) loss on financial derivatives	(23.39)	(8.24)	12.01
Stock option compensation	1.86	1.61	1.05
Future income tax expense	6.43	4.01	3.16
Net earnings (loss) (\$/boe)	\$ 21.97	\$ 8.37	\$ (7.87)

## SHARE INFORMATION

	Three months ended September 30, 2008	Nine months ended September 30, 2008	Year ended December 31, 2007
Weighted average shares outstanding			
Basic	46,206,589	32,035,089	5,550,784
Diluted	49,225,328	35,053,828	5,550,784
Outstanding securities at period end			
Class A shares		47,005,182	19,073,007
Class B shares		1,053,540	1,053,540
Options, Class A shares		3,942,500	958,810
Outstanding securities at November 17, 2008			
Class A shares		47,005,182	
Class B shares		1,053,540	
Options, Class A shares		3,942,500	

Per share amounts have been calculated using the weighted average number of shares outstanding during the period. The effect of the conversion of the Class B shares has been included in the diluted share calculation for the three and nine months ended September 30, 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 Year to Date, capital expenditures totaled \$45.2 million and \$109.1 million, respectively (\$59.2 million – Previous Quarter). The table below summarizes the capital expenditures during the Quarter and the Previous Quarter.

	Q3 2008	YTD 2008	Q2 2008
Land purchases (dispositions)	\$ 7,656	\$ 354,742	\$ 267,640
Geological and geophysical	333,334	535,322	172,784
Drilling and Completions	5,769,949	11,112,033	1,646,090
Tangible equipment	1,223,494	2,805,825	857,868
Development Capital	\$ 7,334,433	\$ 14,807,922	\$ 2,944,382
Asset retirement obligations	133,520	912,509	658,833
Office furniture & fixtures	-	23,795	(23,795)
Total capital expenditures	\$ 7,467,953	\$ 15,744,226	\$ 3,579,420
Corporate Acquisitions	37,792,180	70,919,414	33,127,234
Property Acquisitions	(61,805)	22,412,661	22,474,466
Total capital expenditures and acquisitions	\$ 45,198,328	\$ 109,076,301	\$ 59,181,120

## CAPITALIZATION AND CAPITAL RESOURCES

The Company's total capitalization was \$170.7 million at September 30, 2008 with the market value of Class A and Class B shares representing 77% of the total capitalization (\$34.4 million at December 31, 2007 with the market value of Class A and Class B shares representing 92%). The market value of the Company's shares at September 30, 2008 was \$131.7 million (\$31.6 million – December 31, 2007)

	September 30 2008	December 31, 2007
Class A shares outstanding	47,005,182	19,072,907
Class A share price <sup>(1)</sup>	\$ 2.70	\$ 1.52
Class A market capitalization	\$ 126,913,991	\$ 28,990,819
Class B shares outstanding	1,053,540	1,053,540
Class B share price <sup>(1)</sup>	\$ 4.55	\$ 2.51
Class B market capitalization	\$ 4,793,607	\$ 2,644,385
Total market value	\$ 131,707,598	\$ 31,635,204
Bank debt	17,494,917	-
Asset retirement obligations	2,023,748	196,963
Future income tax liability	19,517,012	2,570,406
Total capitalization	\$ 170,743,275	\$ 34,402,573

<sup>(1)</sup> Represents the closing price on the TSX Venture at period end

### Bank facility

As at September 30, 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. The next review is scheduled for May, 2009.

At September 30, 2008, \$17.5 million was drawn against the revolving demand credit facility.

### Investing program funding

	Three months ended September 30, 2008	Nine months ended September 30, 2008
Funds flow from operations	\$ 4,318,985	\$ 7,297,987
Changes in non-cash working capital	7,337,119	5,687,309
Proceeds from issuance of shares (net of costs)	9,228,755	14,775,722
Repayment of bank debt	(7,288,313)	(12,492,238)
Change in cash during the period	-	10,776,213
Capital expenditures during the year	\$ 13,596,546	\$ 26,044,993

The Company's Quarter 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 decreased from a surplus of \$8.2 million as at December 31, 2007 to a deficit of \$22.7 million as at September 30, 2008 as a result of the Quarter's capital program, including the assumption of net debt from the 133Co and C3 acquisitions and the cash paid on the property acquisition from Progress and funds flow from operations offset by the increase in the unrealized gain on financial contracts.

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 25<sup>th</sup> 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 September 30, 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 September 30, 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 must be spent on qualifying expenditures prior to December 31, 2008. As at September 30, 2008, the Company had a remaining commitment to spend \$2.3 million. The Company has sufficient capital projects on going in the fourth quarter to fulfill this commitment as well as access to cash flow and credit facilities to fund it. The Company issued \$6.0 million of flow through shares on May 29, 2008. These funds must be spent on qualifying expenditures by December 31, 2009. As at September 30, 2008, the Company had the full commitment remaining. The Company will fund 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 9). 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	\$ 1,204,132	78,811	287,316	287,316	287,316	263,373
Flow through share drilling	\$ 8,279,257	2,276,457	6,002,800	-	-	-
Financial instrument premiums	\$ 971,840	241,040	730,800	-	-	-
Total contractual obligations	\$ 10,455,229	2,596,308	7,020,916	287,316	287,316	263,373

## OUTLOOK

During the first four quarters of operations, Seaview's management has aggressively positioned the Company for solid future growth through the successful execution of a balanced business strategy of acquiring, exploiting and exploring for high quality natural gas and light oil assets in Western Canada.

With the execution of three strategic corporate acquisitions and a material property acquisition adding the southeast Saskatchewan core area, combined with an ongoing successful drilling program, Seaview has the following corporate characteristics:

- An upwardly revised 2008 average daily production forecast of more than 1,025 boe per day, and 2008 production exit rate of more than 1,700 boe per day.
- Total Proven reserves of 4,104 Mboe and Total Proven plus Probable reserves of 5,733 Mboe, effective June 30, 2008 as evaluated by Sproule Associates Ltd.
- Drilling inventory of more than 85 locations, including over 70 prospects targeting multi-zone conventional prospects and an expanding inventory of light oil targets in southeast Saskatchewan. Seaview's prospect inventory is not currently reflected in the Company's independent reserve evaluation and therefore provides for significant long term growth potential.
- Exposure to the Montney resource play in Pouce Coupe with 3.9 net sections of land in this exciting Montney tight gas play. Seaview is currently participating in drilling the Company's first horizontal test with potentially 12 net horizontal follow-up locations.
- Seaview's available bank line is currently \$34 million, with the next review in May, 2009.
- 47.0 million Class A shares and 1.054 million Class B shares outstanding.

## **CRITICAL ACCOUNTING ESTIMATES**

The reader is advised that the critical accounting estimates, policies and practices as described in the MD&A at December 31, 2007 continue to be critical in determining Seaview's financial results as at September 30, 2008.

## **CHANGE IN ACCOUNTING POLICIES AND RECENT ACCOUNTING PRONOUNCEMENTS**

### **Pending Accounting Pronouncements**

#### **International Financial Reporting Standards ("IFRS")**

In February 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 AcSB issued the "omnibus" exposure draft of IFRS with comments due by July 31, 2008, wherein early adoption by Canadian entities is also permitted. The eventual changeover to IFRS represents changes due to new accounting standards. The transition from current Canadian GAAP to IFRS is a significant undertaking that may materially affect the Corporation's reported financial position and results of operations.

The Corporation has not completed development of its IFRS changeover plan, which will include project structure and governance, resourcing and training, analysis of key GAAP differences and a phased plan to assess accounting policies under IFRS as well as potential IFRS 1 exemptions. The Corporation hopes to complete its project scoping, which will include a timetable for assessing the impact on data systems, internal controls over financial reporting, and business activities, such as financing and compensation arrangements, by June 30, 2009.

The IASB has stated that it plans to issue an exposure draft relating to certain amendments to IFRS 1 in order to make it more useful to Canadian entities adopting IFRS for the first time. One such exemption relating to full cost oil&gas accounting is expected to result in a reduced administrative transition from the current Canadian AcG-16 to IFRS. It is anticipated that this exposure draft will not result in an amended IFRS 1 standard until late in 2009. The amendment will potentially permit the Corporation to apply IFRS prospectively to their full cost pool, rather than the retrospective assessment of capitalized exploration and development expenses, with the requirement that a ceiling test, under IFRS standards, be conducted at the transition date.

## **RISK ASSESSMENT**

The reader is advised that the risk assessment for the Company is fully described in the MD&A at December 31, 2007 and is relevant to the readers' understanding of the Company's financial results as at September 30, 2008.

## **ADDITIONAL INFORMATION**

Additional information relating to the Company is filed on SEDAR and can be viewed at [www.sedar.com](http://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](mailto:info@Seaviewenergy.com). Information is also accessible on the Company's web site at [www.Seaviewenergy.com](http://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**,<sup>(3)</sup> *Calgary, Alberta*  
Chairman

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

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

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

**Steven VanSickle**,<sup>(1),(2),(5)</sup> *Calgary, Alberta*  
Compensation Committee Chair

**Robert Peters**,<sup>(3),(4)</sup> *Calgary, Alberta*  
Director

**Michael Culbert**,<sup>(1)</sup> *Calgary, Alberta*  
Director

**Bruce Francis**,<sup>(2),(5)</sup> *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

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

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

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

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

<sup>(5)</sup> 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

Telephone: (403) 450-3713  
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E-mail: [info@seaviewenergy.com](mailto: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 wave graphic is positioned behind the text, with the orange part on the left and the blue part on the right, creating a sense of movement and energy.

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