CVU.A | CVU.B

SEAVIEW ENERGY INC

FINANCIAL REPORT TO SHAREHOLDERS

2009

Seaview Energy Inc. is an innovative Canadian junior oil and gas exploration and production company staffed by highly motivated and experienced petroleum industry professionals. The team is dedicated to delivering growth in reserves, production and cash flow per share with a balanced strategy of acquiring, exploiting and exploring for high quality light oil and natural gas assets in Western Canada.

Seaview Energy Inc. Class A and Class B shares trade on the TSX venture exchange under the symbols CVU.A and CVU.B, respectively.

Seaview Energy Inc. is pleased to provide shareholders with an update on corporate developments and the Company's 2009 financial and operational results.

SELECTED INFORMATION

Financial ($000's except per share amounts)	**Q4 2009**	Q4 2008	% Change	**2009**	2008	% Change
Petroleum and natural gas sales	**$ 10,377**	$ 8,226	26%	**$ 33,504**	$ 22,998	46%
Funds flow from operations [1]	**5,024**	3,556	41%	**15,120**	10,854	39%
Basic per share [2]	**0.08**	0.07	14%	**0.26**	0.30	(13%)
Diluted per share [2]	**0.08**	0.06	33%	**0.26**	0.23	13%
Net loss	**(2,366)**	375	(731%)	**(9,607)**	2,296	(518%)
Basic per share [2]	**(0.04)**	0.01	(500%)	**(0.16)**	0.06	(367%)
Diluted per share [2]	**(0.04)**	0.01	(500%)	**(0.16)**	0.05	(420%)
Capital expenditures [3]	**9,208**	6,669	38%	**47,022**	32,714	44%
Corporate acquisitions [4]	**-**	-	-	**-**	60,927	-
Net debt	**40,309**	22,494	79%	**40,309**	22,494	79%
Shares Outstanding at period end (000's)						
Class A	**65,433**	50,005	31%	**65,433**	50,005	31%
Class B	**1,054**	1,054	-	**1,054**	1,054	-
Operations						
Daily production						
Natural gas (mcf/d)	**13,703**	8,330	65%	**11,422**	5,221	119%
Light oil and NGLs (bbl/d)	**445**	406	10%	**417**	207	101%
Total production (boe/d)	**2,729**	1,794	52%	**2,321**	1,077	116%
Average realized sales price (net of risk management gains or losses)						
Natural gas (per mcf)	**$ 6.06**	$ 7.68	(21%)	**$ 5.88**	$ 8.47	(31%)
Light oil and NGL (per bbl)	**66.92**	62.82	7%	**58.92**	89.96	(35%)
Netback per boe [1]						
Sales price	**$ 35.35**	$ 46.98	(25%)	**$ 32.00**	$ 57.41	(44%)
Realized risk management gains	**5.98**	2.86	109%	**7.55**	0.93	712%
Sales price (net of realized risk management gains)	**41.33**	49.84	(17%)	**39.55**	58.34	(32%)
Royalties	**4.52**	8.77	(48%)	**4.90**	12.59	(61%)
Operating expenses	**11.80**	11.34	4%	**11.57**	10.08	15%
Transportation	**1.27**	1.14	11%	**1.44**	1.18	22%
Operating netback [1]	**$ 23.74**	$ 28.59	(17%)	**$ 21.64**	$ 34.49	(37%)

(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. The Company uses "Netback per boe" and "Operating Netback" which do not have any standardized meaning prescribed by Canadian GAAP. The term is used to evaluate performance and in capital allocation decisions.
(2) Weighted average diluted shares outstanding for all periods exclude the granted options as these would have been anti-dilutive. The impact of the conversion of the Class B shares has been included as dilutive for Q4 2008 and 2008 while the impact has been excluded from Q4 2009 and 2009 as it would have been anti-dilutive.
(3) Capital expenditures include only the cash additions for the period and capitalized G&A expense.
(4) Corporate acquisitions includes total consideration adjusted for net debt assumed.

Barrels of oil equivalent (boe) may be misleading, particularly if used in isolation. A boe conversion ratio of six thousand cubic feet (mcf) of natural gas to one barrel (bbl) of oil is based on an energy conversion method primarily applicable at the burner tip and is not intended to 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 thousand cubic feet of natural gas to one barrel of oil. Certain financial amounts are presented on a per boe basis, such measurements may not be consistent with those used by other companies.

Estimated values contained in this report do not represent fair market value.

This report may contain forward-looking statements within the meaning of applicable securities laws. Forward-looking statements may include estimates, plans, anticipations, expectations, opinions, forecasts, projections, guidance or other similar statements that are not statements of fact. Although the Company believes that the expectations reflected in such forward-looking statements are reasonable, it can give no assurance that such expectations will prove to be correct. These statements are subject to certain risks and uncertainties and may be based on assumptions that could cause actual results to differ materially from those anticipated or implied in the forward-looking statements. These risks include, but are not limited to: the risks associated with the oil and gas industry (e.g. operational risks in development, exploration and production; delays or changes in plans with respect to exploration or development projects or capital expenditures; the uncertainty of reserve estimates; the uncertainty of estimates and projections relating to production, costs and expenses and health, safety and environmental risks), commodity price and exchange rate fluctuation and uncertainties resulting from potential delays or changes in plans with respect to exploration or development projects or capital expenditures. The Company's forward-looking statements are expressly qualified in their entirety by this cautionary statement. The forward-looking statements contained in this report are made as of the date hereof and the Company undertakes no obligations to update publicly or revise any forward-looking statements or information, whether as a result of new information, future events or otherwise, unless so required by applicable securities laws.

Neither the TSX Venture Exchange nor its Regulation Services Provider (as the term is defined in the Policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this report.

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

HIGHLIGHTS OF 2009 AND SUBSEQUENT EVENTS

- Average production for 2009 was 2,321 boe per day, an increase of 116% relative to 2008 average production of 1,077 boe per day (32% per share increase);
- Average production for Q4 2009 of 2,729 boe per day was an increase of 52% relative to Q4 2008 production, and a 9% increase compared to Q3 2009 production of 2,513 boe per day;
- Production per weighted average Class A share increased 9% in the fourth quarter over third quarter 2009 results and 11% over the fourth quarter 2008 results;
- Since commencing operations on October 17, 2007, record production levels in the fourth quarter of 2009 mark the Company's ninth consecutive quarter of growth;
- Exceeded 2009 exit rate guidance of more than 3,000 boe per day with production for January 2010 averaging 3,100 boe per day based on field estimates. In addition, the Company has over 850 boe per day behind pipe to be placed on production;
- 2009 Funds flow from operations increased 39% to $15.1 million from $10.9 million in 2008;
- Proven Producing reserves increased by 52% to 5,973 Mboe, compared to 3,941 Mboe at December 31, 2008;
- Total Proven reserves increased by 49%, to 7,141 Mboe compared to 4,786 Mboe at December 31, 2008;
- Total Proven plus Probable reserves increased by 53% to 11,068 Mboe compared to 7,256 Mboe at December 31, 2008;
- Reserve life index is 7.2 years on a Total Proven basis and 11.1 years on a Total Proven plus Probable basis using December 31, 2009 reserves and fourth quarter 2009 production of 2,729 boe/d;
- Achieved Proven finding, development and acquisition (FD&A) costs of $14.99/boe and Proven plus Probable costs of $10.73/boe (including changes to Future Development Costs "FDC" and technical revisions);
- Achieved Proven finding and development (F&D) costs of $9.97/boe and Proven plus Probable costs of $7.75/boe (including changes to FDC and technical revisions);
- The Company drilled eleven wells (9.0 net) in 2009 with a 73% success rate. In the fourth quarter two wells (1.12 net) were drilled at a 100% success rate;
- Acquired approximately 730 boe per day of high quality, long life assets in the Peace River Arch area for total consideration of $26.6 million on June 30, 2009. The 2009 results include cash flow and operational impact of this acquisition from that date;
- Closed a bought deal financing for gross proceeds of approximately $15.7 million on June 16, 2009; and
- Expanded credit facility to $52 million, a 53% increase relative to December 31, 2008. Based on net debt of approximately $40 million at the end of Q4 2009, Seaview has $12 million of available credit capacity to pursue strategic opportunities.

Business Strategy

In 2009 Seaview continued to execute its balanced strategy of acquiring, exploiting and exploring for high quality, long reserve life natural gas and light oil assets in Western Canada. Despite the challenges of volatile commodity prices and weak capital markets due the global economic crisis, Seaview's business plan continued to deliver strong growth in 2009. Record production levels for Q4-2009, of 2,729 boe/d, marks the Company's ninth consecutive quarter of growth since inception in Q4-2007.

Seaview's management team continues to focus on consolidating high quality assets within the Company's core areas, with significant exploration and development opportunities. Operations highlights for 2009 include:

- Successfully closed five property acquisitions, further consolidating the Company's core assets in the Peace River Arch.
  - Highlighted by the complimentary Peace River Arch assets acquired from a senior producer for $26.6 million in June 2009 with a concurrent bought-deal financing with gross proceeds of $15.7 million. This acquisition consolidated Seaview's working interest in over 70% of the acquired assets focused in the Balsam and Boundary Lake areas of northwest Alberta.
  - During the fourth quarter of 2009, Seaview purchased assets in four separate acquisitions for total consideration of $3.8 million. Each of the minor property acquisitions added high working interest follow-up drilling locations based on the successful third quarter drilling program.

- Seaview drilled 11 wells (9.0 net) in 2009 at a 73% success rate.
  - In the Peace River Arch, Seaview drilled 7 wells (6.6 net) at a 71% success rate. Results of the 2009 drilling program yielded 4 producing gas wells (3.6 net), 1 potential gas well (1.0 net), and 2 abandoned wells (2.0 net). One of the abandoned wells encountered the target reservoir but was abandoned due to operational problems and has subsequently been successfully re-drilled in the first quarter of 2010.
  - As announced on November 19, 2009 the successful Q3-09 drilling program was expected to add over 1,400 boe/d of new production capacity. Three of the four successful wells were on online contributing a stable 1,500 boe/d net average production for the month of December.
  - In southeast Saskatchewan, Seaview drilled 2 wells (1.8 net) with a 50% success rate. Both wells were exploration projects targeting potential light oil pools. The Company's exploration well in Rocanville (80% working interest) is cased as a potential Birdbear oil well, various completion options are currently being evaluated for this well.
  - In the first quarter of 2009, Seaview participated in one successful exploration well (0.25 net) in the Harlech area of west-central Alberta. A total of five prospective reservoir zones were successfully completed highlighting the multi-zone nature of this resource style play. Further development activities in Harlech will be deferred contingent on an improvement in natural gas prices;
  - In Wapiti, Seaview entered into a multi-well farm-in agreement where the Company will drill a total of four wells in 2009-2010 targeting bath natural gas and crude oil from the Cardium formation. In 2009, the Company participated in one successful vertical exploration well (0.32 net) which has been successfully completed and tested and is expected to be online in the second quarter.

Activity for the winter program to date in 2010 included drilling five wells (4.0 net) at an 80% success rate. In the Peace River Arch, in Clayhurst, the Company re-drilled one Montney well (1.0 net) which has been successfully completed and tied in with initial rates expected to add over 80 boe/d net for Q2-2010 and drilled one unsuccessful well (1.0 net) at Boundary Lake.

In Wapiti, Seaview drilled two wells (1.0 net) as part of the ongoing exploration program targeting the Cardium formation. One vertical gas well (0.32 net) was drilled and completed testing Cardium gas similar to the vertical exploration well drilled in late 2009. Seaview has now completed the earning phase on the gas exploration portion of the program having earned 32% in three sections of land on this Cardium natural gas resource play.

Finally, Seaview has successfully drilled and cased the Company's first horizontal well in Wapiti targeting an early-stage light oil resource play in the Cardium formation. The horizontal well has been completed with a 10-stage multi-frac completion and is currently flowing on clean-up. Seaview has assembled a sizable land position offsetting the horizontal well with exposure to 11.5 sections of land (6.5 net) on this exciting new exploration play. The Cardium formation in Wapiti is known to produce both oil and natural gas regionally, however to date has not been developed using horizontal wells with multi-frac completion technology.

Seaview estimates current behind pipe volumes of more than 850 boe/d from 7 wells (4.8 net). Of these volumes, it is anticipated that 5 wells (3.1 net) will be brought on-stream during the second quarter adding more than 250 boe/d net of new production. The remaining 2 wells (1.8 net) to be tied-in have initial production of more than 600 boe/d which may be tied in before year-end contingent on facility access and improved natural gas prices.

Capital Efficiency and Reserve Additions

The Company is pleased to report that a significant increase in reserves during 2009 as a result of its combined acquisitions and successful 2009 drilling program. The independent reserves evaluation has been completed by Sproule and Associates Limited "Sproule", with an effective date of December 31, 2009, in a National Instrument 51-101 "NI 51-101" compliant report "Evaluation of the P&NG Reserves of Seaview Energy Inc." Highlights of the report are summarized below:

- Proven Producing reserves increased by 52% to 5,973 Mboe compared to 3,941 Mboe at December 31, 2008;
- Total Proven reserves increased by 49% to 7,141 Mboe compared to 4,786 Mboe at December 31, 2008;
- Total Proven plus Probable reserves increased by 53% to 11,068 Mboe compared to 7,256 Mboe at December 31, 2008;
- Probable Developed Producing reserves assigned to Proved Producing assets are 2,286 Mboe, increasing developed Proven plus Probable producing reserves to 8,259 Mboe or 75% of the Total Proven plus Probable reserves. No future development capital is required to convert the Probable Producing reserves to Proven Producing over time;
- Reserve Life Index is 7.2 years on a Total Proven basis and 11.1 years on a Total Proven plus Probable basis using December 31, 2009 reserves, and Q4-09 production of 2,729 boe/d;

- Total capital expenditures based on audited financial results were $46.9 million; including changes in FDC total capital costs for the purpose of calculating FD&A costs are $47.4 million:
    - Achieved FD&A costs of $14.99/boe Proven and $10.73/boe Proven plus Probable (Including changes in FDC);
    - Seaview completed five strategic property acquisitions in 2009, highlighted by the complimentary PRA assets acquired from a senior producer for $26.6 mm in June 2009. Overall the acquisition program added 2,158 Mboe of Total Proven plus Probable reserves, or 47% of the Total Proven plus Probable reserve additions in 2009; and
    - Seaview's acquisitions and drilling success replaced production by 3.7 times on a Proven basis and 5.4 times on a Proven plus Probable basis.
- Seaview completed an active drilling program in 2009 which included drilling 11 gross wells (9.0 net) with a 73% success rate. Capital expenditures based on audited consolidated financial results were $16.5 million directed towards drilling activity. Including changes to FDC, the total capital costs for the purpose of calculating F&D costs are $19.1 million:
    - Achieved F&D costs of $9.97/boe Proven and $7.75/boe Proven plus Probable (including FDC and after revisions);
    - Seaview enjoyed a very successful drilling program accounting for 2,458 Mboe or 53% of the Total Proven and Probable reserve additions in 2009; and
    - Seaview's drilling success replaced production by 2.0 times on a Proven basis and 2.5 times on a Proven plus Probable basis.
- Seaview continues to drive reserve addition costs down through successful execution of the Company's balanced acquisition, exploration and development strategy. Management has been able to steadily reduce finding costs as a result of a strong prospect inventory and successful grass-roots exploration. Seaview's three year average reserve costs are:
    - Three year average Proven F&D costs of $14.10/boe Proven and Proven plus Probable costs of $11.05/boe (including FDC and after revisions); and
    - Three year average Proven FD&A costs of $21.69/boe Proven and Proven plus Probable costs of $15.57/boe (including FDC and after revisions);

HISTORICAL CAPITAL EFFICIENCY HIGHLIGHTS	2009		2008		2007-2009	
	Total Proved	Total Proved plus Probable	Total Proved	Total Proved plus Probable	Total Proved	Total Proved plus Probable
Capital Costs ($thousands)						
Exploration and development capital	$16,484	$16,484	$20,907	$20,907	$41,027	$41,027
Acquisitions, net of dispositions	$30,455	$30,455	$91,864	$91,864	$135,371	$135,371
Future development capital, beginning balance	$5,219	$12,982	$843	$1,475	$0	$0
Future development capital, end of period balance	$5,646	$15,551	$5,219	$12,982	$5,646	$15,551
Exploration and development capital including change in future development capital	$16,911	$19,053	$25,283	$32,414	$46,673	$56,578
All-in capital including change in future development capital	$47,366	$49,508	$117,147	$124,278	$182,044	$191,949
Reserve additions (including technical revisions)						
Exploration and development (Mboe)	1,696	2,458	1,393	2,321	3,309	5,118
Acquisitions, net of dispositions (Mboe)	1,464	2,158	3,409	4,654	5,085	7,214
Total reserve additions (Mboe)	3,160	4,616	4,802	6,976	8,395	12,332
Finding and development costs (F&D), including change in future development capital ($/boe)(1)	$9.97	$7.75	$18.15	$13.96	$14.10	$11.05
Finding, development and acquisition costs (FD&A), including change in future development capital ($/boe)	$14.99	$10.73	$24.40	$17.82	$21.69	$15.56
Operating Efficiency						
Operating net-back ($/boe)	$21.64	$21.64	$34.49	$34.49		
Finding, development and acquisition costs (FD&A), excluding change in future development capital ($/boe)	$14.85	$10.17	$23.48	$16.17		
Recycle-Ratio	1.5	2.1	1.5	2.1		
Reserve Replacement						
Reserve additions, including revisions (Mboe)	3,160	4,616	4,802	6,976		
Annual production (Mboe)	847	847	427	427		
Production replacement ratio	3.7	5.4	11.3	16.3		

Notes:

(1) The aggregate of the exploration and development costs incurred in the most recent financial year, and the change during that year in estimated future development costs, generally will not reflect total finding and development costs related to reserve additions for that year.

NI 51-101 Reserves Disclosure

Seaview has a Reserve Committee comprised of independent board members, which reviews the qualifications and appointment of the independent reserve evaluators. The committee also reviews the processes and technical data used to determine the reserves booked.

The Company will file by April 30, 2010 its Annual Information Form which includes Seaview's reserves data and other oil and gas information for the year ended December 31, 2009 as mandated by "NI 51-101 – Standards for Disclosure for Oil and Gas Activities of the Canadian Securities Administrators."

The December 31, 2009, evaluation was prepared by Sproule utilizing the methodology and definitions as set out under NI 51-101. The reserves presented herein include the total Company's working interest reserves before deduction of royalties and exclude royalty interest reserves as at December 31, 2009.

Table 1 NI 51-101

Summary of Oil and Gas Reserves
as of December 31, 2009
Forecast Prices and Costs

	Gross Reserves				Net Reserves			
	Light and Medium Crude Oil	Heavy Crude	Natural Gas Liquids	Natural Gas	Light and Medium Crude Oil	Heavy Crude	Natural Gas Liquids	Natural Gas
	Mbbls	Mbbls	Mbbls	Mmcf	Mbbls	Mbbls	Mbbls	Mmcf
Proved								
Developed Producing	1,210.4	0	127.7	27,812	1,065.9	0	77.4	20,607
Developed Non-Producing	46.8	0	10.9	4,371	44.3	0	6.6	3,086
Undeveloped	20.4	0	15.4	2,074	16.2	0	11.4	1,853
Total Proved	**1,277.6**	**0**	**154.0**	**34,257**	**1,126.4**	**0**	**95.4**	**25,546**
Probable	519.9	0	123.5	19,699	445.0	0	80.6	14,106
Total Proved plus Probable	**1,797.5**	**0**	**277.5**	**53,956**	**1,571.3**	**0**	**176.0**	**39,653**

Table 2 NI 51-101

Summary of Net Present Values of Future Net Revenue
as of December 31, 2009
Forecast Prices and Costs

	Before Future Income Tax Expenses and Discounted at					Unit Value Before Income Tax Discounted at
	0%	5%	10%	15%	20%	10%/yr
	(M$)	(M$)	(M$)	(M$)	(M$)	($/boe)
Proved						
Developed Producing	181,089	125,766	98,253	81,755	70,676	21.46
Developed Non-Producing	17,586	14,034	11,614	9,881	8,586	20.55
Undeveloped	8,418	6,387	5,124	4,269	3,654	15.23
Total Proved	**207,093**	**146,186**	**114,992**	**95,905**	**82,916**	**20.99**
Probable	123,676	68,343	46,006	34,124	26,746	15.99
Total Proved plus Probable	**330,769**	**214,530**	**160,997**	**130,029**	**109,661**	**19.27**

	After Future Income Tax Expenses and Discounted at				
	0%	5%	10%	15%	20%
	(M$)	(M$)	(M$)	(M$)	(M$)
Proved					
Developed Producing	151,858	107,378	84,894	71,260	62,029
Developed Non-Producing	13,012	10,353	8,542	7,246	6,278
Undeveloped	6,207	4,557	3,528	2,833	2,336
Total Proved	**171,077**	**122,288**	**96,964**	**81,339**	**70,643**
Probable	91,771	50,445	33,659	24,691	19,108
Total Proved plus Probable	**262,848**	**172,733**	**130,623**	**106,030**	**89,751**

Table 3 NI 51-101

Total Future Net Revenue Undiscounted
as of December 31, 2009
Forecast Prices and Costs

	Revenue	Royalties	Operating Costs	Develop-ment Costs	Abandon-ment and Other Costs	Future Net Revenue Before Income Taxes	Income Taxes	Future Net Revenue After Income Taxes
	(M$)	(M$)	(M$)	(M$)	(M$)	(M$)	(M$)	(M$)
Total Proved Reserves	419,428	80,234	119,105	5,646	7,351	207,093	36,016	171,077
Total Proved plus Probable	679,616	138,380	185,554	15,551	9,363	330,769	67,922	262,848

Table 4 NI 51-101

Net Present Value of Future Net Revenue
By Production Group
as of December 31, 2009
Forecast Prices and Costs

	Future Net Revenue Before Income Taxes and (Discounted at 10%/Year)	**Unit Value Before Income Taxes (Discounted at 10%/Year)**
	(M$)	($/boe)
Proved		
Light and Medium Crude Oil (including solution gas and associated by-products)	33,938	26.28
Heavy Crude Oil (including solution gas and associated by-products)	0	0
Natural Gas (including associated by-products)	81,054	19.35
Proved plus Probable		
Light and Medium Crude Oil (including solution gas and associated by-products)	43,723	24.45
Heavy Crude Oil (including solution gas and associated by-products)	0	0
Natural Gas (including associated by-products)	117,274	17.86

Table 5 NI 51-101

Summary of Pricing and Inflation Rate Assumptions
As of December 31, 2009 Forecast Prices and Costs

Year	CRUDE OIL			NATURAL GAS	NATURAL GAS LIQUIDS			
	WTI Crude Oil	Edmonton Par Price 40^0 API Crude Oil	Cromer Medium 29.3^0 API Crude Oil	Alberta AECO Gas Price	Pentanes Plus FOB Field Gate	Butanes FOB Field Gate	Inflation	US/CAN Exchange Rate
	($US/Bbl) (1)	($Cdn/Bbl) (2)	($Cdn/Bbl) (3)	($Cdn/mmbtu)	($Cdn/Bbl)	($Cdn/Bbl)	(%)	($US/Cdn)
Forecast								
2010	79.17	84.25	80.04	5.36	86.28	59.65	2.0	0.920
2011	84.46	89.99	84.59	6.21	92.16	63.72	2.0	0.920
2012	86.89	92.61	85.20	6.44	94.84	65.57	2.0	0.920
2013	90.20	96.19	87.53	7.23	98.51	68.11	2.0	0.920
2014	92.01	98.13	88.32	7.98	100.50	69.48	2.0	0.920
Thereafter				Escalation Rates of 2%				

Notes:

(1) West Texas Intermediate at Cushing Oklahoma 40 degrees API, 0.4% sulphur

(2) Edmonton Light Sweet 40 degrees API, 0.3% sulphur

(3) Comer Medium (29.3◦ degrees API Heavy stream)

Net Asset Value per Class A Share
Information Based on Sproule Reserves Evaluation as at December 31, 2009

	Before Tax 10% Discount		
($M except share amounts)	**Proven Developed Producing**	**Total Proven Reserves**	**Total Proven plus Probable**
Value of Reserves	98,253	114,992	160,997
Undeveloped Land (31,000 acres at $200 per acre)	6,200	6,200	6,200
Estimated Net Debt as at December 31, 2009(1)	(40,100)	(40,100)	(40,100)
Total Net Assets	**64,353**	**81,092**	**127,097**
Class A shares Outstanding (MM) as at December 31, 2009	65.43	65.43	65.43
Estimated Net Asset Value per Class A share	**$0.98**	**$1.24**	**$1.94**

Notes:

(1) Estimated net debt excluding value of financial contracts.

Net Asset Value per Fully Diluted Share(1)
Information Based on Sproule Reserves Evaluation as at December 31, 2009

($M except share amounts)	Before Tax 10% Discount Proven Developed Producing	Total Proven Reserves	Total Proven plus Probable
Value of Reserves	98,253	114,992	160,997
Undeveloped Land (31,000 acres at $200 per acre)	6,200	6,200	6,200
Estimated Net Debt as at December 31, 2009(2)	(38,560)	(38,560)	(38,560)
Total Net Assets	65,893	82,632	128,637
Fully Diluted shares Outstanding (MM) as at December 31, 2009 (3)	77.34	77.34	77.34
Estimated Net Asset Value per Fully Diluted share	$0.85	$1.07	$1.66

Notes:

(1) Fully diluted shares including "in-the-money" options and converted Class B shares based on closing price of $1.10 per Class A share as at December 31, 2009.

(2) Estimated net debt excluding value of financial contracts, net of proceeds from "in-the-money" options of $1,523,964

(3) Fully diluted shares outstanding based on 65,433,182 Class A shares, Class B shares converted to 9,577,636 Class A shares based on conversion price of $1.10 per Class A share as at December 31, 2009, and 2,328,500 "in-the-money" options as at December 31, 2009.

COMMODITY PRICE RISK MANAGEMENT

A key component to Seaview's balance sheet management is the Company's commodity price risk program. The price risk management program is intended to reduce price volatility in order to support cash flow, protect acquisition economics and finance ongoing capital expenditures.

Subsequent to the end of the third quarter of 2009, Seaview entered into additional financial contracts for 2010 and 2011 providing for increased downside protection designed to minimize the impact of volatile commodity prices on future capital expenditure plans. Seaview currently has approximately 1,545 boe/d (approximately 48% of estimated current production) hedged for the remainder of 2010;

- 8,500 GJ/d of natural gas hedged in puts and fixed contracts providing for a "net of cost" floor of $4.94/GJ;
- 200 bbl/d of crude oil hedged in put contracts for 2010 with a "net of cost" floor of CDN$75.00/bbl;
- On a combined basis, Seaview has 9,255 mcfe/d, hedged at a "net of cost" floor price of $6.16/mcfe, which will provide for a minimum revenue in 2010 of $20.8 million.

OUTLOOK; 2010 GUIDANCE

As a result of a continued success in 2009, Seaview remains well positioned to continue its growth strategy in 2010 despite the current challenging economic climate. Seaview now has the following characteristics:

- Total Proven reserves of 7,141 Mboe, and Total Proven plus Probable reserves of 11,068 Mboe, effective December 31, 2009, as evaluated by Sproule and Associates using National Instrument 51-101 reserve definitions;
- Reserve life index is 11.1 years based on Total Proven plus Probable reserves and Q4 2009 production of 2,729 boe per day;
- Net asset value as at December 31, 2009 using Total Proven plus Probable reserves and a before-tax 10-percent discount rate, including $6.2 million in value for undeveloped land, is $1.66 per share;
- Forecast 2010 average daily production estimate of more than 3,200 boe per day compared to 2009 annual average production of 2,321 boe per day resulting in an estimated forecast production growth of 38% per share (based on 65.43 million Class A shares outstanding);
- Forecasted 2010 capital budget of $11.5 million;
- Commodity hedging program providing for downside protection on 48% of 2010 forecasted average production generating a minimum $20.8 million gross revenue for 2010; and
- 65.43 million Class A shares and 1.0 million Class B shares outstanding.

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 6, 2010 and should be read in conjunction with the audited consolidated financial statements and notes for the periods ended December 31, 2009 and 2008. 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 has since completed several material acquisitions, 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, 2009 and 2008 is as follows:

($ thousands except per share amounts)		2009		2008
Funds flow from operations	$	15,120	$	10,854
Expenditures on abandonments		(110)		-
Changes in non-cash working capital		(554)		(550)
Cash provided by operating activities	$	14,456	$	10,304
Funds flow from operations per share (basic)	$	0.26	$	0.30
Expenditures on abandonments		0.00		0.00
Changes in non-cash working capital per share (basic)		(0.01)		(0.02)
Cash provided by operating activities per share (basic)	$	0.25	$	0.28

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 INFORMATION						
Financial ($000's except per share amounts)	**Q4 2009**	Q4 2008	% Change	**2009**	2008	% Change
Petroleum and natural gas sales	**$ 10,377**	$ 8,226	26%	**$ 33,504**	$ 22,998	46%
Funds flow from operations [1]	**5,024**	3,556	41%	**15,120**	10,854	39%
Basic per share [2]	**0.08**	0.07	14%	**0.26**	0.30	(13%)
Diluted per share [2]	**0.08**	0.06	33%	**0.26**	0.23	13%
Net loss	**(2,366)**	375	(731%)	**(9,607)**	2,296	(518%)
Basic per share [2]	**(0.04)**	0.01	(500%)	**(0.16)**	0.06	(367%)
Diluted per share [2]	**(0.04)**	0.01	(500%)	**(0.16)**	0.05	(420%)
Capital expenditures [3]	**9,208**	6,669	38%	**47,022**	32,714	44%
Corporate acquisitions [4]	**-**	-	-	**-**	60,927	-
Net debt	**40,309**	22,494	79%	**40,309**	22,494	79%
Shares Outstanding at period end (000's)						
Class A	**65,433**	50,005	31%	**65,433**	50,005	31%
Class B	**1,054**	1,054	-	**1,054**	1,054	-
Operations						
Daily production						
Natural gas (mcf/d)	**13,703**	8,330	65%	**11,422**	5,221	119%
Light oil and NGLs (bbl/d)	**445**	406	10%	**417**	207	101%
Total production (boe/d)	**2,729**	1,794	52%	**2,321**	1,077	116%
Average realized sales price (net of risk management gains or losses)						
Natural gas (per mcf)	**$ 6.06**	$ 7.68	(21%)	**$ 5.88**	$ 8.47	(31%)
Light oil and NGL (per bbl)	**66.92**	62.82	7%	**58.92**	89.96	(35%)
Netback per boe [1]						
Sales price	**$ 35.35**	$ 46.98	(25%)	**$ 32.00**	$ 57.41	(44%)
Realized risk management gains	**5.98**	2.86	109%	**7.55**	0.93	712%
Sales price (net of realized risk management gains)	**41.33**	49.84	(17%)	**39.55**	58.34	(32%)
Royalties	**4.52**	8.77	(48%)	**4.90**	12.59	(61%)
Operating expenses	**11.80**	11.34	4%	**11.57**	10.08	15%
Transportation	**1.27**	1.14	11%	**1.44**	1.18	22%
Operating netback [1]	**$ 23.74**	$ 28.59	(17%)	**$ 21.64**	$ 34.49	(37%)

(5) 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. The Company uses "Netback per boe" and "Operating Netback" which do not have any standardized meaning prescribed by Canadian GAAP. The term is used to evaluate performance and in capital allocation decisions.

(6) Weighted average diluted shares outstanding for all periods exclude the granted options as these would have been anti-dilutive. The impact of the conversion of the Class B shares has been included as dilutive for Q4 2008 and 2008 while the impact has been excluded from Q4 2009 and 2009 as it would have been anti-dilutive.

(7) Capital expenditures include only the cash additions for the period and capitalized G&A expense.

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

HIGHLIGHTS OF 2009

- Average production for 2009 was 2,321 boe per day, an increase of 116% relative to 2008 average production of 1,077 boe per day (32% per share increase);
- Average production for Q4 2009 of 2,729 boe per day was an increase of 52% relative to Q4 2008 production, and a 9% increase compared to Q3 2009 production of 2,513 boe per day;
- Production per weighted average Class A share increased 9% in the fourth quarter over third quarter 2009 results and 11% over the fourth quarter 2008 results;
- Since commencing operations on October 17, 2007, record production levels in the fourth quarter of 2009 mark the Company's ninth consecutive quarter of growth;

- Exceeded 2009 exit rate guidance of more than 3,000 boe per day with production for January 2010 averaging 3,100 boe per day based on field estimates. In addition, the Company has over 850 boe per day behind pipe to be placed on production;
- 2009 Funds flow from operations increased 39% to $15.1 million from $10.9 million in 2008;
- Proven Producing reserves increased by 52% to 5,973 Mboe compared to 3,941 Mboe at December 31, 2008;
- Total Proven reserves increased by 49% to 7,141 Mboe compared to 4,786 Mboe at December 31, 2008;
- Total Proven plus Probable reserves increased by 53% to 11,068 Mboe compared to 7,256 Mboe at December 31, 2008;
- Reserve life index is 7.2 years on a Total Proven basis, and 11.1 years on a Total Proven plus Probable basis using December 31, 2009 reserves and Q4 2009 production of 2,729 boe per day;
- Achieved Proven finding, development and acquisition (FD&A) costs of $14.99 per boe and Proven plus Probable costs of $10.73 per boe (including changes to Future Development Costs “FDC” and technical revisions);
- Achieved Proven finding and development (F&D) costs of $9.97 per boe and Proven plus Probable costs of $7.75 per boe (including changes to FDC and technical revisions);
- The Company drilled eleven wells (9.0 net) in 2009 with a 73% success rate. In the fourth quarter, two wells (1.12 net) were drilled at a 100% success rate;
- Acquired approximately 730 boe per day of high quality, long life assets in the Peace River Arch area from a senior public oil and gas producer for total consideration of $26.6 million on June 30, 2009. The 2009 results include cash flow and operational impact of this acquisition from that date;
- Closed a bought deal financing for gross proceeds of approximately $15.7 million on June 16, 2009; and
- Expanded credit facility to $52 million representing a 53% increase relative to December 31, 2008. Based on net debt of approximately $40 million at the end of Q4 2009, Seaview has $12 million of available credit capacity to pursue strategic opportunities.

RESULTS OF OPERATIONS

Property acquisitions and bought deal financing

During the fourth quarter of 2009, the Company purchased assets from several vendors for a total of $3.8 million. These assets are located primarily in the Peace River Arch area and were all cash transactions.

On June 30, 2009, the Company closed the property acquisition of certain Peace River Arch natural gas assets from a senior public oil and gas company for total consideration of $26.6 million. Additionally, the Company assumed the asset retirement obligation in the amount of $269,349 associated with these assets. The acquisition was funded with a concurrently announced bought deal financing and bank debt.

On June 16, 2009, the Company closed the bought deal financing for gross proceeds of approximately $15.7 million, issuing 11,246,500 subscription receipts at $0.95 per share and 4,167,000 Class A shares at $1.20 per share on a flow through basis. The funds from the subscription receipts were released on June 30, 2009 in conjunction with the closing of the property acquisition, as discussed above. The subscription receipts were deemed to be exercised into Class A shares on the filing of the qualifying final short form prospectus on July 10, 2009. The $5.0 million raised through the flow through shares must be spent on qualifying Canadian Exploration Expenses (“CEE”) prior to December 31, 2010 and will be renounced to the subscribers effective December 31, 2009. As at December 31, 2009, the Company had spent $1.3 million toward these commitments.

Additionally, in conjunction with the closing of the property acquisition, the Company’s revolving demand credit facility authorized borrowing amount was increased 18% to $52 million from $44 million with no changes to the pricing grid. The credit facility was confirmed in October 2009 with the next review date being May 31, 2010.

Operations

For the year ended December 31, 2009, the Company recorded a net loss of $9.6 million (net income of $2.3 million for the year ended December 31, 2008).

The following table summarizes selected information for the years ended December 31, 2009 (“2009”) and December 31, 2008 (“2008”) and for the fourth quarter (the “Quarter” or “Q4 2009”) of 2009 and the third quarter (the “Previous Quarter” or “Q3 2009”) of 2009, as well as the fourth quarter of 2008 (the “Prior Year Q4” or “Q4 2008”):

	Q4 2009	Q3 2009	Q4 2008	2009	2008
Daily Production					
Natural gas (mcf/d)	**13,703**	12,486	8,330	**11,422**	5,221
Crude oil and NGL's (bbl/d)	**445**	432	406	**417**	207
Boe/d day @ 6:1	**2,729**	2,513	1,794	**2,321**	1,077
Petroleum and natural gas sales ($000's)	**$ 10,377**	$ 8,664	$ 8,226	**$ 33,504**	$ 22,998
Funds flow from operations ($000's)	**5,024**	4,110	3,556	**15,120**	10,854
Per share – basic	**0.08**	0.06	0.07	**0.26**	0.30
Per share – diluted	**0.08**	0.06	0.06	**0.26**	0.23
Net income (loss) ($000's)	**(2,366)**	(2,907)	375	**(9,607)**	2,296
Per share – basic	**(0.04)**	(0.04)	0.01	**(0.16)**	0.06
Per share – diluted	**(0.04)**	(0.04)	0.01	**(0.16)**	0.05

Commodity prices

Average realized prices	Q4 2009	Q3 2009	Q4 2008	2009	2008
Light crude oil (per bbl)	**$ 74.74**	$ 67.16	$ 59.71	**$ 63.51**	$ 88.11
after realized risk management gains/losses	**67.86**	62.06	63.50	**59.33**	90.49
Natural gas (per mcf)	**4.69**	3.34	7.23	**4.22**	8.36
after realized risk management gains/losses	**6.06**	5.43	7.68	**5.88**	8.47
Natural gas liquids (per bbl)	**63.09**	54.55	56.88	**56.75**	85.77
Total per boe	**35.35**	27.83	46.98	**32.00**	57.41
after realized risk management gains	**41.33**	37.47	49.84	**39.55**	58.34
BENCHMARK PRICES					
WTI oil (US$ per bbl)	**76.15**	68.19	58.38	**62.02**	99.55
AECO Daily Index (CAD$ per gj)	**3.86**	2.77	6.34	**3.64**	7.71
Currency (US$/CAD$)	**1.057**	1.097	1.212	**1.141**	1.067

The AECO Daily Index gas price averaged $3.86 per gj or $4.07 per mcf for Q4 2009 as compared to $2.77 per gj or $2.92 per mcf during the Previous Quarter. During the Quarter, Seaview also sold a portion of its natural gas on the AECO Monthly Index which averaged $4.42 per gj or $4.66 per mcf. The natural gas price received by Seaview, before risk management gains, was $4.69 per mcf for the Quarter compared to $3.34 per mcf for Q3 2009. For 2009, the AECO Daily Index gas price averaged $3.64 per gj or $3.84 per mcf while the AECO Monthly Index averaged $3.66 per gj or $3.86 per mcf during the second half of the year and the price Seaview received for 2009, before risk management gains, was $4.22 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$76.15 per bbl during the Quarter compared to US$68.19 per bbl during Q3 2009. Seaview received a combined average price, including natural gas liquids and before risk management effects, of $72.43 per bbl during the Quarter compared to $65.41 during the Previous Quarter. For 2009, WTI crude averaged US $62.02 per bbl and Seaview received $62.44 as a combined average price including natural gas liquids and before risk management.

The Canadian dollar averaged US$1.057 during the Quarter as compared to $1.097 during the Previous Quarter. As the price of WTI crude oil and Nymex natural gas is quoted in US dollars, appreciation in the Canadian dollar decreases the average Canadian price received. Seaview mitigates exposure to the impact of exchange rate fluctuations by economically 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 also sells a portion of its natural gas production on the AECO Monthly Index in addition to the AECO Daily Index to mitigate the volatility in price movement.

The Company has elected not to use hedge accounting and consequently will record the fair value of any crude oil and natural gas financial contract at each reporting period, with the change in the fair value being classified as unrealized gains and losses in revenue in the statement of earnings. The fair value of the commodity price risk contracts are estimated based on the mark-to-market method of accounting, using public quoted market prices or, in their absence, third-party market indications and forecasts priced on the last trading day of the applicable period and are therefore classified as Level 2. For the year ended December 31, 2009, realized gains of $6.4 million were recorded as petroleum and natural gas sales (December 31, 2008 – $367,243). As at December 31, 2009, the Company recorded a liability related to the unrealized loss on financial contracts of $1.6 million reflecting the fair value of the crude oil and natural gas contracts outstanding at December 31, 2009 (December 31, 2008 – a gain of $3.1 million).

As at December 31, 2009, the Company had the following financial contracts:

Natural gas	Volume	Pricing Point		Price	Term
Put [1]	2,000 gj/d	AECO Monthly	$	4.15/gj	July '09 – December '10
Swap	1,000 gj/d	AECO Monthly	$	5.78/gj	January '10 – December '10
Swap	1,000 gj/d	AECO Monthly	$	5.60/gj	January '10 – December '10
Put [2]	2,000 gj/d	AECO Monthly	$	4.75/gj	January '10 – December '11
Call	1,500 gj/d	AECO Monthly	$	7.73/gj	January '11 – December '11
Crude Oil					
Put [3]	200 bbl/d	WTI – Nymex CAD	$	75.00/bbl	January '10 – December '11
Call	100 bbl/d	WTI – Nymex CAD	$	84.60/bbl	January '11 – December '11

(1) The net floor for this contract reflects the deferred cost of $0.85/gj paid over the course of the contract. The strike price of the put is $5.00/gj before the deferred cost.

(2) The net floor for this contract reflects the deferred cost of $1.05/gj paid over the course of the contract. The strike price of the put is $5.80/gj before the deferred cost.

(3) The net floor for this contract reflects the deferred cost of $11.00/bbl paid over the course of the contract. The strike price of the put is $86.00/bbl before the deferred cost.

Subsequent to December 31, 2009, the two fixed price swaps on natural gas were liquidated for the period of February to December 2010 and the value of the liquidation was used to enter into new financial contracts as outlined below:

	Volume	Pricing Point		Price	Term
Natural gas swap	1,000 gj/d	AECO Monthly	$	4.58/gj	April '10 – October '10
Natural gas put	3,000 gj/d	AECO Monthly	$	5.02/gj	February '10 – December '10
Natural gas call	3,000 gj/d	AECO Monthly	$	7.04/gj	January '12 – December '12

The total volumes economically hedged for the period of January 2010 to December 2012 are detailed below. See Note 11 of the audited consolidated financial statements for a description of the contracts.

Natural Gas	**Q1 '10**	**Q2 '10**	**Q3 '10**	**Q4 '10**	**2011**	**2012**
Swaps						
Volumes – gj/d	689	1,000	1,000	337		
Fixed price ($/gj)	$5.69	$4.58	$4.58	$4.58		
Puts						
Volumes – gj/d	5,967	7,000	7,000	7,000	2,000	
Net floor ($/gj)	$4.64	$4.69	$4.69	$4.69	$4.75	
Call						
Volumes – gj/d					1,500	3,000
Net ceiling ($/gj)					$7.73	$7.04
Crude Oil						
Put						
Volumes – bbl/d	200	200	200	200	200	
Net floor (CAD$/bbl)	$75.00	$75.00	$75.00	$75.00	$75.00	
Call						
Volumes – bbl/d					100	
Net ceiling (CAD$/bbl)					$84.60	

The Company will continue to monitor forecasted volumes and commodity prices and may 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 resulting from uncertainty or changes in commodity prices; limiting financial contract volumes up to a maximum of 50% of forecasted production; 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

($000's)	**Q4 2009**	Q3 2009	Q4 2008	**2009**	2008
Natural gas	**$ 5,911**	$ 3,835	$ 5,539	**$ 17,599**	$ 15,971
Crude oil and natural gas liquids	**2,964**	2,600	2,214	**9,508**	6,660
Realized risk management gains	**1,502**	2,229	473	**6,397**	367
Petroleum and natural gas sales (net)	**$ 10,377**	$ 8,664	$ 8,226	**$ 33,504**	$ 22,998
$/boe	**$ 41.33**	$ 37.47	$ 49.84	**$ 39.55**	$ 58.34

Petroleum and natural gas sales for the Quarter and 2009, before royalties and transportation costs, were $10.4 million and $33.5 million, respectively ($8.7 million – Previous Quarter; $23.0 million – 2008). The increase is attributable to increased production as well as increased pricing for both crude oil and natural gas during the Quarter. The Company realized gains of $1.5 million, net of premiums, on crude oil and natural gas financial contracts during the Quarter and gains of $6.4 million, net of premiums, for 2009.

Royalties

($000's)	**Q4 2009**	Q3 2009	Q4 2008	**2009**	2008
Royalties	**$ 1,136**	$ 810	$ 1,448	**$ 4,151**	$ 4,965
Percentage of petroleum and natural gas sales (before realized risk management gains)	**12.8%**	12.6%	18.7%	**15.3%**	21.9%
$/boe	**$ 4.52**	$ 3.50	$ 8.77	**$ 4.90**	$ 12.59

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. Gas cost allowance and other incentive schemes serve to reduce the effective royalty rate.

With the introduction of a New Royalty Framework ("NRF") by the Province of Alberta, commencing January 1, 2009, Crown royalties are sensitive to production rates for each well as well as changes in the commodity price. In this low commodity price environment, the decrease in the reference price used for calculation of Crown royalties has had a significant impact on the royalty rates applied by the Crown. Additionally, the Province of Alberta introduced a reduced royalty rate of 5% for a period of 12 months or production of 500,000 Mcfs for wells that are brought on production after April 1, 2009. Seaview has brought on eight new wells since April 1, 2009 which qualify for this reduced royalty rate.

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 2009 totaled $1.1 million and $4.2 million, respectively ($0.8 million – Previous Quarter; $5.0 million – 2008). As a percentage of sales, royalties averaged 12.8% or $4.52 per boe during the Quarter and 15.3% or $4.90 per boe for 2009 (12.6% and $3.50 per boe for the Previous Quarter; 21.9% and $12.59 per boe – 2008). The royalty rate increased during the Quarter over the Previous Quarter due mainly to the higher Crown reference price impact under the NRF offset by adjustments for gas cost allowance and custom processing and the eight wells which attract the 5% royalty rate. The production from these wells accounted for approximately 35% of total production in the fourth quarter of 2009.

Operating expenses

($000's)	**Q4 2009**	Q3 2009	Q4 2008	**2009**	2008
Operating expenses	**$ 2,963**	$ 2,621	$ 1,871	**$ 9,805**	$ 3,972
$/boe	**$ 11.80**	$ 11.34	$ 11.34	**$ 11.57**	$ 10.08

Operating expenses for the Quarter and 2009 were $3.0 million and $9.8 million, respectively ($2.6 million – Previous Quarter; $4.0 million – 2008) and on a unit-of-production basis, operating expenses averaged $11.80 and $11.57 per boe, respectively

($11.34 per boe – Previous Quarter; $10.08 per boe – 2008). Operating expenses on a per boe basis in the Quarter are higher than the Previous Quarter due mainly to seasonal costs due to colder weather. Operating expenses on a per boe basis for 2009 are higher than 2008 due in part to increased processing fees as well as increased workover and maintenance activity related to the incremental production associated with the acquisition in June 2009.

Transportation expense

($000's)		**Q4 2009**		Q3 2009		Q4 2008		**2009**		2008
Transportation expense	**$**	**320**	$	311	$	189	**$**	**1,216**	$	464
$/boe	**$**	**1.27**	$	1.35	$	1.14	**$**	**1.44**	$	1.18

For the Quarter, transportation expense totaled $319,260 or $1.27 per boe and 2009 transportation expense totaled $1,215,656 or $1.44 per boe ($311,243 or $1.35 per boe – Previous Quarter; $463,630 or $1.18 per boe – 2008). As Seaview's production is weighted approximately 80% to natural gas, the majority of Seaview's transportation expenses relate to natural gas pipeline tariff charges. Transportation expense per boe for the Quarter is consistent with prior periods as is expected.

General and administrative ("G&A")

($000's)		**Q4 2009**		Q3 2009		Q4 2008		**2009**		2008
G&A expenses	**$**	**1,317**	$	1,098	$	1,605	**$**	**4,413**	$	3,846
Capitalized G&A		**(466)**		(495)		(689)		**(1,710)**		(1,552)
Overhead recoveries		**(169)**		(126)		(199)		**(536)**		(489)
Net G&A expenses		**682**		477		717		**2,167**		1,805
$/boe	**$**	**2.72**	$	2.06	$	4.35	**$**	**2.56**	$	4.58

During the Quarter and 2009, G&A, net of overhead recoveries on operated properties and capitalized expenditures, totaled $0.7 million and $2.2 million, respectively ($0.5 million – Previous Quarter; $1.8 million – 2008). On a unit-of-production basis, G&A expenses were $2.72 and $2.56 per boe, respectively ($2.06 per boe – Previous Quarter; $4.58 per boe – 2008). The G&A per boe for the Quarter was higher than the Previous Quarter due mainly to costs related to yearend activities including the annual financial statement audit and the evaluation of corporate reserves. The significant decrease in G&A per boe for 2009 as compared to 2008 is attributable to the substantial increase in production associated with new wells added plus 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

($000's)		**Q4 2009**		Q3 2009		Q4 2008		**2009**		2008
Interest expense	**$**	**252**	$	335	$	445	**$**	**1,045**	$	938
$/boe	**$**	**1.01**	$	1.45	$	2.70	**$**	**1.23**	$	2.38

Interest expense, representing interest paid on drawn amounts of the secured credit facility, standby fees and banking fees, during the Quarter and 2009 was $252,665 or $1.01 per boe and $1,045,293 or $1.23 per boe, respectively ($334,241 or $1.45 per boe – Previous Quarter; $937,765 or $2.38 per boe – 2008). The average balance drawn during the Quarter was $36.2 million and for 2009 was $29.1 million ($36.6 million– Previous Quarter; $11.1 million – 2008), with an average of 3.2% per annum paid during the Quarter and during the year (3.7% per annum – Previous Quarter; 5.1% per annum – 2008). Interest expense for the year includes $75,000 of commitment fees paid regarding the increase in the bank line of credit.

The Company has entered into fixed interest rate swap agreements on $5 million for a term of one year which terminated 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. For the year ended December 31, 2009, realized losses on these agreements of $67,007 were recorded as interest expense. As at December 31, 2009, an unrealized loss of $23,618 was recorded as a liability representing the fair value of these contracts.

Stock option compensation

The Company has a stock option plan, which is fully described in Note 8 of the audited consolidated financial statements. At December 31, 2009, 5,474,250 options were outstanding with an average exercise price of $1.50 and a weighted average remaining contractual life of 3.9 years (3,992,500 options outstanding at December 31, 2008 at an average exercise price of $2.39 with a weighted average remaining contractual life of 4.3 years). Of the total number of options outstanding at December 31, 2009, options totaling 1,253,794 are vested and available for exercise at a weighted average exercise price of $1.57 per option.

For the Quarter and 2009, the Company recorded a compensation expense of $1,051,673 and $2,046,993, respectively, ($371,276 – Previous Quarter; $695,087 – 2008) and capitalized $1,189,181 and $2,255,002, respectively (including tax effect of $309,187 and $584,327, respectively), ($229,282 (including tax effect of $59,613) – Previous Quarter; $914,169 (including tax effect of $212,136) – 2008).

On October 23, 2009, the Company granted options to acquire up to 1,873,750 Class A shares at a price of $1.19 per share, 1,130,000 of which were granted to directors and officers with the remaining 743,750 granted to certain employees and consultants. The Board of Directors also approved a voluntary stock option surrender program under which certain employees and consultants (and excluding directors and officers) surrendered 1,085,000 previously issued stock options for cancellation. These options had exercise prices ranging from $2.25 to $3.80. As such, the stock-based compensation expense for 2009 of $2,046,994 included $777,112 and the capitalized stock-based compensation of $2,255,002 included $931,766 (including tax effect of $192,269) of accelerated expense for the remaining life of the surrendered options.

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

The Quarter and 2009 provision for DD&A totaled $5.4 million and $20.6 million, respectively, ($5.3 million – Previous Quarter; $10.3 million – 2008). On a unit-of-production basis, DD&A costs averaged $21.63 and $24.34 per boe, respectively, for Q4 2009 and 2009 ($22.95 per boe – Previous Quarter; $26.21 per boe – 2008). Growth in the depletable base and reserves due to the highly successful drilling results during the Quarter has resulted in a decrease in DD&A on a unit-of-production basis over the Previous Quarter. The 2009 depletion rate per boe is higher than the Quarter and the Previous Quarter as a significant portion of the growth in reserves has occurred since the second quarter of 2009.

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 or interest rates 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 and interest rates.

The fair value at December 31, 2009 of commodity contracts was an unrealized loss, net of unrealized gains, of $1.6 million (December 31, 2009 – unrealized gain of $3.1 million). During the Quarter and 2009, the Company recorded an unrealized loss of $2.0 million and $4.6 million, respectively, as a result of the change in fair value over the respective periods ($1.6 million loss – Previous Quarter; $3.3 million gain – 2008). Although natural gas prices continued to fall throughout the year, the majority of the high strike price contracts expired December 31, 2009 and the current contracts were at or near the forward strip prices at year end, resulting in unrealized losses at December 31, 2009.

As at December 31, 2009, an unrealized loss of $23,618 was recorded representing the fair value of the interest rate swap agreements which were entered into during the year.

Future income taxes

A future income tax recovery of $1,104,946 and $2,602,891 has been recorded for the Quarter and 2009, respectively (a recovery of $262,465 – Previous Quarter; expense of $784,003 – 2008). As the Company has recorded a loss before taxes, a recovery of future income taxes is expected. No current tax expense has been recorded as Seaview is not subject to capital taxes and has no current income tax liability.

Tax pools ($000's)		**2009**		2008
Canadian exploration expense (CEE)	**$**	**7,340**	$	8,706
Canadian development expense (CDE)		**4,873**		6,437
Canadian oil and gas property expense (COGPE)		**39,072**		18,523
Undepreciated capital costs (UCC)		**20,620**		16,379
Non capital losses (NCLs)		**522**		1,233
Share issue costs (SICs)		**2,454**		2,095
	$	**74,881**	$	53,373

Net loss and funds flow from operations

Net loss for the Quarter and 2009 was $2.4 million and $9.6 million, respectively ($2.9 million net loss – Previous Quarter; $2.3 million net income – 2008). Basic and diluted net loss per share for the Quarter and 2009 was $0.04 and $0.16, respectively (basic and diluted net loss per share of $0.04 – Previous Quarter; basic net income per share of $0.06 and diluted net income per share of $0.05 – 2008). Funds flow from operations was $5.0 million and $15.1 million for the Quarter and 2009, respectively ($4.0 million – Previous Quarter; $10.9 million – 2008). Basic and diluted funds flow from operations per share for the Quarter and 2009 was $0.08 and $0.26, respectively (basic and diluted funds flow from operations per share was $0.06 – Previous Quarter; basic funds flow from operations per share $0.30 and diluted funds flow from operations per share was $0.23 – 2008).

Netbacks, Funds Flow from Operations and Net Income (Loss) *($/boe)*	**Q4 2009**	Q3 2009	Q4 2008	**2009**	2008
Petroleum and natural gas sales	**$ 41.33**	$ 37.47	$ 49.84	**$ 39.55**	$ 58.34
Less:					
Royalties	**4.52**	3.50	8.77	**4.90**	12.59
Operating expenses	**11.80**	11.34	11.34	**11.57**	10.08
Transportation expense	**1.27**	1.35	1.14	**1.44**	1.18
Net operating income (operating netback)	**$ 23.74**	$ 21.28	$ 28.59	**$ 21.64**	$ 34.49
General and administrative	**2.72**	2.06	4.35	**2.56**	4.58
Interest expense	**1.01**	1.45	2.70	**1.23**	2.38
Funds flow from operations	**$ 20.01**	$ 17.77	$ 21.54	**$ 17.85**	$ 27.53
Depletion, depreciation and accretion	**21.63**	22.95	26.37	**24.34**	26.21
Unrealized (gain) loss on financial derivatives	**8.01**	6.93	(8.26)	**5.50**	(8.25)
Stock option compensation	**4.19**	1.61	1.98	**2.42**	1.76
Future income tax (recovery) expense	**(4.40)**	(1.14)	(0.82)	**(3.07)**	1.99
Net income (loss) *($/boe)*	**$ (9.42)**	$ (12.58)	$ 2.27	**$ (11.34)**	$ 5.82

SELECTED QUARTERLY INFORMATION

Financial ($000's except per share amounts)	Q1 2008	Q2 2008	Q3 2008	Q4 2008	Q1 2009	Q2 2009	Q3 2009	Q4 2009
Petroleum and natural gas sales	$ 1,130	$ 5,151	$ 8,491	$ 8,226	$ 7,000	$ 7,463	$ 8,664	$ 10,377
Funds flow from operations [1]	352	2,627	4,319	3,556	2,910	3,076	4,110	5,024
Basic per share	0.02	0.09	0.09	0.07	0.06	0.06	0.06	0.08
Diluted per share [2]	0.02	0.09	0.09	0.06	0.06	0.06	0.06	0.08
Net income (loss)	(353)	(600)	2,874	375	(1,061)	(3,273)	(2,907)	(2,366)
Basic and diluted per share [2]	(0.02)	(0.02)	0.06	0.01	(0.02)	(0.06)	(0.04)	(0.04)
Capital expenditures [3]	4,516	7,932	13,597	6,669	5,914	27,969	3,931	9,208
Corporate acquisitions [4]	-	23,998	36,929	-	-	-	-	-
Net debt	4,056	12,857	24,383	22,494	25,507	36,107	36,131	40,309
Shares outstanding at period end (000's)								
Class A	19,073	38,214	47,005	50,005	50,005	54,172	65,419	65,433
Subscription receipts	-	-	-	-	-	11,246	-	-
Class B	1,054	1,054	1,054	1,054	1,054	1,054	1,054	1,054
Operations								
Daily production								
Natural gas (mcf/d)	1,456	4,446	6,602	8,330	9,464	9,976	12,486	13,703
Light oil and NGLs (bbl/d)	4	95	322	406	388	403	432	445
Total production (boe/d)	246	836	1,422	1,794	1,965	2,066	2,513	2,729
Natural gas (per mcf)	$ 8.28	$ 10.44	$ 8.18	$ 7.68	$ 6.34	$ 5.79	$ 5.43	$ 6.06
Light oil and NGL (per bbl)	100.81	106.96	119.10	62.82	45.80	60.20	61.03	66.92
Netback per boe								
Sales price (net of risk management gains or losses)	$ 50.43	$ 67.70	$ 64.92	$ 49.84	$ 39.58	$ 39.70	$ 37.47	$ 41.33
Royalties	11.83	13.79	16.85	8.77	7.60	4.57	3.50	4.52
Operating expenses	11.23	10.93	7.78	11.34	10.19	12.86	11.34	11.80
Transportation	1.25	0.98	1.32	1.14	1.73	1.49	1.35	1.27
Operating netback	$ 26.12	$ 42.00	$ 38.97	$ 28.59	$ 20.06	$ 20.78	$ 21.28	$ 23.74

(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. The Company uses "Netback per boe" and "Operating Netback" which do not have any standardized meaning prescribed by Canadian GAAP. The term is used to evaluate performance and in capital allocation decisions.
(2) Weighted average diluted shares outstanding for Q3 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. All other quarters exclude both the conversion of the Class B shares and the granted options.
(3) Capital expenditures include the cash additions for the period and capitalized G&A expense.
(4) Corporate acquisitions include total consideration adjusted for net debt assumed.

SHARE INFORMATION

	2009	2008
Weighted average shares outstanding		
Basic	**58,989,519**	36,169,445
Diluted	**58,989,519**	46,600,534
Outstanding securities at year end		
Class A shares	**65,433,182**	50,005,182
Class B shares	**1,053,540**	1,053,540
Options, Class A shares	**5,474,250**	3,992,500
Outstanding securities at April 6, 2010		
Class A shares	**65,433,182**	
Class B shares	**1,053,540**	
Options, Class A shares	**5,474,250**	

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 and the effect of options have been excluded in the diluted share calculation for the year ended December 31, 2009 as they would have been anti-dilutive.

On June 16, 2009, the Company closed the bought deal financing for gross proceeds of approximately $15.7 million, issuing 11,246,500 subscription receipts at $0.95 per share and 4,167,000 Class A shares at $1.20 per share on a flow through basis. The funds from the subscription receipts were released on June 30, 2009 in conjunction with the closing of the property acquisition, as discussed above. Two directors acquired 125,000 Class A shares through this issuance. The subscription receipts were deemed to be exercised into Class A shares on the filing of the qualifying final short form prospectus on July 10, 2009. The $5.0 million raised through the flow through shares must be spent on qualifying Canadian Exploration Expenses ("CEE") prior to December 31, 2010 and will be renounced to the subscribers effective December 31, 2009.

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.

On February 12, 2009, the Company announced its intention to make a Normal Course Issuer Bid through the TSX Venture Exchange. Pursuant to this Normal Course Issuer Bid, the Company may repurchase for cancellation up to 2,500,000 Class A shares and 52,000 Class B shares, representing 5% of the 50,005,182 Class A shares and 1,053,540 Class B shares outstanding at that time. The Normal Course Issuer Bid commenced February 16, 2009 and will terminate on February 15, 2010. No shares were purchased under this Normal Course Issuer Bid during the year ended December 31, 2009.

CAPITAL EXPENDITURES

For the Quarter and 2009, capital expenditures totaled $10.4 million and $49.7 million, respectively ($4.3 million – Previous Quarter; $114.7 million – 2008). The table below summarizes the capital expenditures during the Quarter and 2009 as well as the Previous Quarter, Q4 2008 and 2008.

($000's)		**Q4 2009**		Q3 2009		Q4 2008		**2009**		2008
Land purchases	**$**	**(46)**	$	429	$	72	**$**	**506**	$	427
Geological and geophysical		**1,594**		(8)		157		**1,567**		692
Drilling and Completions (gross)		**3,340**		4,588		5,464		**15,218**		16,576
Alberta Drilling Credits		**(131)**		(1,763)		-		**(1,894)**		-
Tangible equipment		**1,784**		997		1,320		**3,452**		4,126
Development Capital	**$**	**6,541**	$	4,243	$	7,013	**$**	**18,849**	$	21,821
Asset retirement obligations		**(2)**		19		100		**289**		1,012
Office furniture & fixtures		**20**		3		-		**83**		24
Total capital expenditures	**$**	**6,559**	$	4,265	$	7,113	**$**	**19,221**	$	22,857
Corporate Acquisitions		**-**		-		(1,582)		**-**		69,337
Property Acquisitions		**3,838**		2		114		**30,455**		22,527
Total capital expenditures and acquisitions	**$**	**10,397**	$	4,267	$	5,645	**$**	**49,676**	$	114,721

During 2009, the Company earned $1.9 million in Alberta Drilling Credits from the Alberta Government for wells drilled subsequent to April 1, 2009. As of December 31, 2009, the Company had collected $0.4 million of these credits.

CAPITALIZATION AND CAPITAL RESOURCES

The Company's total capitalization was $117.7 million at December 31, 2009 with the market value of Class A and Class B shares representing 66% of the total capitalization ($75.2 million at December 31, 2008 with the market value of Class A and Class B shares representing 70%). The market value of the Company's shares at December 31, 2009 was $77.4 million ($52.7 million – December 31, 2008).

Capitalization		**December 31, 2009**		December 31, 2008 (restated)
Bank debt ($000's)	**$**	**38,044**	$	19,102
Working capital deficiency ($000's)[1]		**2,265**		3,392
Net debt ($000's)		**40,309**		22,494
Class A shares outstanding		**65,433,182**		50,005,182
Class A share price [2]	**$**	**1.10**	$	1.00
Class A market capitalization ($000's)	**$**	**71,976**	$	50,005
Class B shares outstanding		**1,053,540**		1,053,540
Class B share price [2]	**$**	**5.11**	$	2.55
Class B market capitalization ($000's)	**$**	**5,384**	$	2,687
Total market capitalization ($000's)	**$**	**77,360**	$	52,692
Total capitalization ($000's)	**$**	**117,669**	$	75,186
Net debt as a percent of total capitalization		**34%**		30%
Funds flow from operations ($000's)[3]	**$**	**15,120**	$	10,854
Net debt to funds flow from operations ratio		**2.67**		2.07

(1) Working Capital excludes the current portion of future income taxes and financial contracts.

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

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

Bank facility

As at December 31, 2009, the Company had a revolving demand credit facility with an authorized borrowing amount of $52 million, with interest and other fees charged at the bank's prime rate plus a rate as determined by a pricing grid. 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, 2009, the revolving demand credit facility was drawn to $38.0 million. The Company had also issued a letter of credit in the amount of approximately $0.1 million.

The next review is scheduled for May 31, 2010. These reviews are based primarily on reserves and using commodity prices estimated by the bank, as well as other factors. A decrease in the borrowing base could result in a reduction to the credit facility available upon the next scheduled review which may require a repayment to the bank over the following 12 month period.

Investing program funding

($000's)	**2009**	2008
Funds flow from operations	**$ 15,120**	$ 10,854
Changes in non-cash working capital	**(1,221)**	2,823
Expenditures on abandonments	**(110)**	-
Proceeds from issuance of shares (net of costs)	**14,290**	19,147
Proceeds from bank debt	**18,943**	(10,886)
Change in cash during the period	**-**	10,776
Capital expenditures funded by cash during the year	**$ 47,022**	$ 32,714

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 periods with high levels of capital investment. The working capital (excluding the current portion of future income taxes) increased to a deficit of $40.3 million as at December 31, 2009 from a deficit of $36.1 million as at September 30, 2009 as a result of the capital program during the quarter and from a deficit of $22.5 as at December 31, 2008 which also includes the asset acquisition which closed on June 30, 2009 offset by the closing of the bought deal financing which closed in June 2009.

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 a timely 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, 2009, 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, 2009. 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 $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 were entirely spent on qualifying expenditures by December 31, 2009. The balance of these flow through share funds were renounced to subscribers in March 2009. On June 16, 2009, the Company issued $5.0 million of flow through shares. These funds must be spent on qualifying expenditures by December 31, 2010. As at December 31, 2009, the Company has spent $1.3 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	2010	2011	2012
Operating leases	$	837	287	287	263
Flow through share drilling	$	3,686	3,686	-	-
Financial instrument premiums	$	3,760	2,190	1,570	-
Total contractual obligations	$	8,283	6,163	1,857	263

OUTLOOK; 2010 GUIDANCE

As a result of continued success in 2009, Seaview remains well positioned to continue its growth strategy in 2010 despite the current challenging economic climate. Seaview now has the following characteristics:

- Total Proven reserves are 7,141 Mboe, and Total Proven plus Probable reserves are 11,068 Mboe, effective December 31, 2009, as evaluated by Sproule and Associates using National Instrument 51-101 reserve definitions;
- Reserve life index is 11.1 years based on Total Proven plus Probable reserves and Q4 2009 production of 2,729 boe per day;
- Net asset value as at December 31, 2009, using Total Proven plus Probable reserves and a before-tax 10-percent discount rate, including $6.2 million in value for undeveloped land, is $1.66 per share;
- Forecast 2010 average daily production estimate of more than 3,200 boe per day compared to 2009 annual average production of 2,321 boe per day resulting in an estimated forecast production growth of 38% per share (based on 65.43 million Class A shares outstanding);
- Forecasted 2010 capital budget of $11.5 million;
- Commodity hedging program providing for downside protection on 48% of 2010 forecasted average production generating a minimum of $20.8 million gross revenue for 2010; and
- 65.43 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

New Accounting Standard

Intangible Assets

Effective January 1, 2009, the Company implemented the provisions of CICA Handbook Section 3064, "Goodwill and Intangible Assets". Section 3064 establishes standards for the recognition, measurement, presentation and disclosure of goodwill and intangible assets. Standards concerning goodwill are unchanged from the previous standards, resulting in no impact to the consolidated financial statements of the Company from the implementation of this Section.

Financial Instruments

Effective December 31, 2009, the Company adopted the CICA amended Section 3862, "Financial Instruments – Disclosures", to include additional disclosure requirements about fair value measurement for financial instruments and liquidity risk disclosures. These amendments require a three level hierarchy that reflects the significance of the inputs used in making the fair value measurements. Fair values of assets and liabilities included in Level 1 are determined by reference to quoted prices in active markets for identical assets and liabilities. Assets and liabilities in Level 2 include valuations using inputs other than quoted prices for which all significant outputs are observable, either directly or indirectly. Level 3 valuations are based on inputs that are unobservable and significant to the overall fair value measurement. The adoption of this policy did not impact the measurement of the amounts reported in the Company's financial statements as they primarily relate to disclosures as further outlined in Note 11.

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.

In September 2008, the International Accounting Standards Board (IASB) issued an exposure draft to amend IFRS 1 in respect of property plant and equipment as at the date of initial transition to IFRS. That exposure draft permits issuers currently using the full cost method of accounting to allocate the balance of property plant and equipment (as determined under Canadian GAAP) to the IFRS categories of exploration and evaluation assets and development and producing properties without significant adjustment arising from the retroactive adoption of IFRS, provided that a ceiling test, under IFRS standards, be conducted at the transition date. The IASB announced the approval of this amendment in July 2009. Seaview intends to use the exemption provided therein.

Seaview continues to analyze differences between IFRS and current accounting policies and will continue to assess the impact of various alternatives on the consolidated financial statements. We expect to have this analysis completed during the fourth quarter of 2010.

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.

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 Associates 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 it 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 $2,638,083 as at December 31, 2009. 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/CAD 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.

SEAVIEW ENERGY INC.
MANAGEMENT'S REPORT

The management of Seaview Energy Inc. is responsible for the financial information and operating data presented in this financial report.

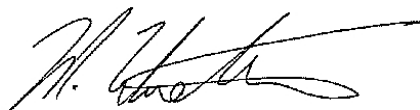
The financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles. When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances. Financial statements are not precise as they include certain amounts based on estimates and judgements. Management has determined such amounts on a reasonable basis in order to ensure that the financial statements are presented fairly, in all material respects. Financial information presented elsewhere in this financial report has been prepared on a consistent basis with that in the financial statements.

Seaview Energy Inc. has designed and maintains systems of internal accounting and administrative controls. These systems are designed to provide reasonable assurance that the financial information is relevant, reliable and accurate and that the Company's assets are properly accounted for and adequately safeguarded.

The Board of Directors is responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the financial statements. The Board carries out this responsibility principally through its Audit Committee.

The Audit Committee of the Board of Directors, composed of non-management Directors, meets regularly with management, as well as the external auditors, to discuss auditing (external and joint venture), internal controls, accounting policy and financial reporting matters. The Committee reviews the annual financial statements with both management and the independent auditors and reports its findings to the Board of Directors before such statements are approved by the Board.

The financial statements have been audited by KPMG LLP, the independent auditors, in accordance with Canadian generally accepted auditing standards on behalf of the shareholders. KPMG LLP has full and free access to the Audit Committee.



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

Stephanie Bunch, CA
Vice President, Finance & Chief Financial Officer

Calgary, Canada
April 6, 2010

KPMG LLP
Chartered Accountants
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Internet www.kpmg.ca

AUDITORS' REPORT TO THE SHAREHOLDERS

We have audited the consolidated balance sheets of Seaview Energy Inc. as at December 31, 2009 and 2008 and the consolidated statements of net income (loss) and comprehensive income (loss) and retained earnings (deficit) and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2009 and 2008 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

KPMG LLP

Chartered Accountants

Calgary, Canada
April 6, 2010

KPMG LLP is a Canadian limited liability partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

SEAVIEW ENERGY INC.

CONSOLIDATED BALANCE SHEETS

(stated in thousands of dollars)

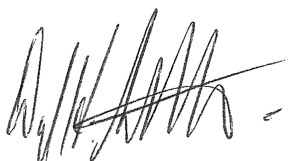
As at December 31		**2009**		2008
CURRENT ASSETS				
Accounts receivable	**$**	**7,739**	$	7,837
Prepaid expenses and deposits		**1,027**		773
Financial contracts *(Note 11)*		**-**		3,075
Future income taxes *(Note 5)*		**139**		-
Total current assets		**8,905**		11,685
Property, plant and equipment *(Note 4)*		**149,942**		120,704
Goodwill		**7,563**		7,470
TOTAL ASSETS	**$**	**166,410**	$	139,859
LIABILITIES				
Accounts payable and accrued liabilities	**$**	**11,031**	$	12,003
Bank debt *(Note 7)*		**38,044**		19,101
Financial contracts *(Note 11)*		**497**		-
Future income taxes *(Note 5)*		**-**		799
Total current liabilities		**49,572**		31,903
Financial contracts *(Note 11)*		**1,088**		-
Future income taxes *(Note 5)*		**18,236**		16,930
Asset retirement obligation *(Note 6)*		**2,638**		2,164
Total liabilities		**71,534**		50,997
SHAREHOLDERS' EQUITY				
Share capital *(Note 8)*	**$**	**97,374**	$	85,470
Contributed surplus *(Note 9)*		**5,188**		1,471
Retained earnings (deficit)		**(7,686)**		1,921
Total shareholders' equity		**94,876**		88,862
TOTAL LIABILITIES & SHAREHOLDERS' EQUITY	**$**	**166,410**	$	139,859

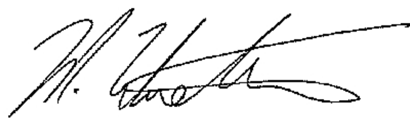
Commitments *(Note 10)*

Subsequent event *(Note 11)*

See accompanying notes to the audited consolidated financial statements

Approved on behalf of the Board of Directors





Daryl Gilbert
Chairman of the Board

Michael Wuetherick
President, Chief Executive Officer and Director

SEAVIEW ENERGY INC.

CONSOLIDATED STATEMENTS OF NET INCOME (LOSS) AND COMPREHENSIVE INCOME (LOSS) AND RETAINED EARNINGS (DEFICIT)

(stated in thousands of dollars)

Years ended December 31	**2009**	2008
Revenue		
Petroleum and natural gas sales	**$ 33,504**	$ 22,998
Royalties	**(4,151)**	(4,965)
Unrealized gain (loss) on financial contracts	**(4,636)**	3,253
	24,717	21,286
Expenses		
Operating expenses	**9,805**	3,972
Transportation expense	**1,216**	464
General and administrative	**2,167**	1,805
Interest expense	**1,045**	938
Unrealized loss on financial contracts	**24**	-
Stock based compensation *(Note 8)*	**2,047**	695
Depletion, depreciation & accretion	**20,623**	10,332
	36,927	18,206
Income (loss) before taxes	**$ (12,210)**	$ 3,080
Future income tax expense (reduction) *(Note 5)*	**(2,603)**	784
Net income (loss) and comprehensive income (loss)	**$ (9,607)**	$ 2,296
Retained earnings (deficit), beginning of year	**1,921**	(375)
Retained earnings (deficit), end of year	**$ (7,686)**	$ 1,921
Net income (loss) per share – basic *(Note 8)*	**$ (0.16)**	$ 0.06
Net income (loss) per share – diluted *(Note 8)*	**$ (0.16)**	$ 0.05

See accompanying notes to the audited consolidated financial statements

SEAVIEW ENERGY INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(stated in thousands of dollars)

Years ended December 31		**2009**		2008
Operating activities				
Net income (loss)	**$**	**(9,607)**	$	2,296
Depletion, depreciation and accretion		**20,623**		10,332
Unrealized (gain) loss on financial contracts		**4,660**		(3,253)
Stock option compensation		**2,047**		695
Future income tax expense (reduction)		**(2,603)**		784
Expenditures on abandonments *(Note 6)*		**(110)**		-
		15,010		10,854
Changes in non-cash working capital		**(554)**		(550)
Cash provided by operating activities	**$**	**14,456**	$	10,304
Financing activities				
Increase (decrease) in bank debt		**18,943**		(10,886)
Proceeds from issuance of shares (net of costs)		**14,290**		19,147
Cash provided by financing activities	**$**	**33,233**	$	8,261
Investing activities				
Property, plant and equipment additions		**(16,567)**		(20,931)
Property acquisition *(Note 3)*		**(30,455)**		(4,972)
Business combination *(Note 3)*		**-**		(6,811)
Changes in non-cash working capital		**(667)**		3,373
Cash used in investing activities	**$**	**(47,689)**	$	(29,341)
Change in cash during the year	**$**	**-**	$	(10,776)
Cash – beginning of year		**-**		10,776
Cash – end of year	**$**	**-**	$	-

See accompanying notes to the audited consolidated financial statements

Interest paid	$	**1,296**	$	780

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 consolidated financial statements are stated in Canadian dollars and have been prepared by management in accordance with Canadian generally accepted accounting principles. These consolidated financial statements include the financial position, results of operations and cash flows of the Company's subsidiary, 1288916 Alberta Ltd., as well as its wholly owned partnership, Seaview Energy Partnership.

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, 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 with reasonable limits of materiality and within the framework of the significant accounting policies summarized below:

Joint interest activities

Substantially all of the Company's petroleum and natural gas activities are conducted jointly with others and accordingly, these consolidated financial statements reflect only the Company's proportionate interest in such activities.

Measurement uncertainty

The amounts recorded for depletion and depreciation of property, plant and equipment and the provision for asset retirement obligations are based on estimates. The cost recovery ceiling test is based on estimates of proved reserves, production rates and petroleum and natural gas prices, future costs and other relevant assumptions. By their nature, these estimates are subject to measurement uncertainty and the effect on the financial statements of changes in such estimates in future periods could be material.

Cash and cash equivalents

Cash and cash equivalents consist of cash held in a commercial bank account, less outstanding cheques, and short term investments with maturity, at the time of purchase, of less than 90 days.

Property, plant and equipment

The Company follows the full cost method of accounting for petroleum and natural gas operations, whereby all costs associated with the exploration for and development of petroleum and natural gas reserves are capitalized and charged against earnings as described below. Capitalized costs include lease acquisition costs, the costs of geological and geophysical activities, the costs of drilling both productive and non-productive wells, the cost of petroleum and natural gas equipment, carrying charges of non-producing properties and overhead costs directly related to exploration and development activities.

Petroleum and natural gas assets are evaluated at least annually to determine that the costs are recoverable and do not exceed the fair value of the properties. The costs are assessed to be recoverable if the sum of the undiscounted cash flows expected from the production of proved reserves and the lower of cost and market of unproved properties exceed the carrying value of the petroleum and natural gas assets. If the carrying value of the petroleum and natural gas assets is not assessed to be recoverable, an impairment loss is recognized to the extent that the carrying value exceeds the sum of the discounted cash flows expected from the production of proved and probable reserves and the lower of cost and market of unproved properties. The cash flows are estimated using the future product prices and costs and are discounted using the risk-free rate.

Proceeds from the disposition of petroleum and natural gas properties are applied as a reduction of the cost of the remaining assets, except when such a disposition would alter the rate of depletion by more than 20 percent, in which case a gain or loss on disposition would be recorded.

Depletion and depreciation

Capitalized costs, together with estimated future capital costs associated with proved reserves, are depleted and depreciated using the unit-of-production method based on estimated proven reserves of petroleum and natural gas on a company interest basis (working interest plus royalty interest) before the deduction of crown or other royalties as determined by independent engineers. For purposes of this calculation, reserves and production are converted to equivalent units of oil based on a relative

energy content of six thousand cubic feet of gas to one barrel of oil. Costs of significant unproved properties, net of impairments, are excluded from the depletion and depreciation calculation.

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 obligation

The Company records a liability for the fair value of legal obligations associated with the retirement of long-lived assets in the period in which they are incurred, normally when the asset is purchased or developed. On recognition of the liability, there is a corresponding increase in the carrying amount of the related assets known as the asset retirement cost, which is depleted on a unit-of-production basis over the life of the reserves. The liability is adjusted each reporting period to reflect the passage of time, with the accretion charged to earnings. Estimates used are evaluated on a periodic basis and any adjustments are applied prospectively. Actual costs incurred upon settlement of the obligations are charged against the liability. No gains or losses on retirement were realized due to settlements approximating the estimates.

Financial instruments

The Company's financial instruments include accounts receivable, cash and cash equivalents, financial contracts, bank debt and accounts payable and accrued liabilities. Cash and cash equivalents are classified as held for trading and stated at fair value. Accounts receivable are classified as loans and receivables and are recorded at amortized cost which approximates its carrying amount. Bank debt and accounts payable and accrued liabilities are classified as other liabilities and recorded at amortized costs which approximate their carrying amounts.

The Company uses derivative financial instruments from time to time to economically hedge its exposure to commodity price, foreign exchange and interest rate fluctuations. The Company may enter into natural gas and crude oil swap contracts, options or collars to economically hedge its exposure to petroleum and natural gas prices and may enter into foreign exchange forward contracts to economically hedge anticipated U.S. dollar denominated petroleum and natural gas sales. The Company may also enter into fixed interest rate swap contracts in order to mitigate the exposure to interest rate risk. The derivative financial instruments are initiated within the guidelines of the Company's Hedging Policy Manual and the Company does not enter into derivative financial instruments for trading or speculative purposes.

The Company has elected not to use hedge accounting. The fair value of financial contracts is recognized at each reporting period with the change in the fair value being classified as an unrealized gain or loss on the statement of earnings. The realized gains and losses are included in revenue.

Revenue recognition

Revenue associated with sales of crude oil, natural gas and natural gas liquids ("NGLs") is recognized when title passes to the purchaser, normally at the pipeline delivery point for natural gas and NGLs and at the wellhead for crude oil.

Future income taxes

The Company uses the liability method in accounting for income taxes. Under this method, future tax assets and liabilities are determined based on differences between the financial reporting and tax bases of assets and liabilities, and measured using substantively enacted tax rates and laws that will be in effect when the differences are expected to reverse. The effect on future tax assets and liabilities of a change in tax rate is recognized in income in the period in which the change occurs. Tax assets will be recognized only when it is more likely than not that they will be realized.

Flow-through shares

The Company may, from time to time, issue flow-through shares to finance a portion of its capital expenditure program. Pursuant to the terms of flow-through share agreements, the tax deductions associated with the expenditures are renounced to the subscribers. Accordingly, share capital will be reduced and a future tax liability will be recorded equal to the estimated amount of the future income tax liability of the Company as a result of the renunciations, when the renunciation is made.

Stock based compensation

The Company has a stock option plan, which is described in Note 8.

Awards of stock options to employees and non-employees are accounted for in accordance with the fair value method of accounting for stock-based compensation. The fair value of stock options is determined using the Black-Scholes option-pricing model. Under the fair value method, the amount to be recognized as expense is determined at the time the options are issued and is deferred and recognized in earnings over the vesting period of the options with a corresponding increase in contributed surplus.

Consideration paid by directors, officers and key employees and consultants on the exercise of stock options is credited to share capital together with the amount previously recognized in contributed surplus.

Per share amounts

Basic earnings per share will be computed by dividing earnings by the weighted average number of Class A and Class B shares outstanding during the period. Diluted per share amounts reflect the potential dilution that could occur if in the money stock options to purchase Class A shares were exercised and converted to Class A shares plus the potential dilution from the conversion of Class B shares into Class A shares (see Note 8). The treasury method of calculating diluted per share amounts will be used whereby any proceeds from the exercise of stock options are assumed to be used to purchase Class A shares of the Company at the average market price during the period.

2. Changes in accounting policies

New accounting standards

Effective January 1, 2009, the Company implemented the provisions of CICA Handbook Section 3064, "Goodwill and Intangible Assets". Section 3064 establishes standards for the recognition, measurement, presentation and disclosure of goodwill and intangible assets. Standards concerning goodwill are unchanged from the previous standards, resulting in no impact to the consolidated financial statements of the Company from the implementation of this Section.

Effective December 31, 2009, the Company adopted the CICA amended Section 3862, "Financial Instruments – Disclosures", to include additional disclosure requirements about fair value measurement for financial instruments and liquidity risk disclosures. These amendments require a three level hierarchy that reflects the significance of the inputs used in making the fair value measurements. Fair values of assets and liabilities included in Level 1 are determined by reference to quoted prices in active markets for identical assets and liabilities. Assets and liabilities in Level 2 include valuations using inputs other than quoted prices for which all significant outputs are observable, either directly or indirectly. Level 3 valuations are based on inputs that are unobservable and significant to the overall fair value measurement. The adoption of this policy did not impact the measurement of the amounts reported in the Company's financial statements as they primarily relate to disclosures as further outlined in Note 11.

Future accounting changes

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 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 continues to analyze differences between IFRS and current accounting policies and will continue to assess the impact of various alternatives on the consolidated financial statements. We expect to have this analysis completed during the fourth quarter of 2010.

CICA Handbook Section 1582 "Business Combinations" is effective for business combinations with an acquisition date after January 1, 2011. This standard was amended to 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. Entities adopting Section 1582 will also be required to adopt CICA Handbook Sections 1601 "Consolidated Financial Statements" and 1602 "Non-Controlling Interests". These standards will require a change in measurement of non-controlling interest and will require the change to be presented as part of shareholders' equity on the balance sheet. In addition, the income statement of the controlling parent will include 100 percent of the subsidiary's results and present the allocation between the controlling interest and non-controlling interest. These standards will be effective January 1, 2011, with early adoption permitted. The Company will assess the impact of these standards on its financial statements as part of its transition to International Financial Reporting Standards.

3. Property acquisitions and business combinations

During the fourth quarter of 2009, the Company purchased assets from several vendors for a total of $3.8 million. These assets are located primarily in the Peace River Arch area and were all cash transactions.

Previous acquisitions in 2009 and 2008 were as follows:

	Peace River Arch Natural Gas Assets *	C3 Resources Ltd	Southeast Saskatchewan Assets	1332915 Alberta Ltd
Closing date	June 30, 2009	July 24, 2008	June 26, 2008	April 1, 2008
Property and equipment	$ 26,617	$ 37,792	$ 23,186	$ 31,686
Working capital surplus	-	724	-	1,041
Bank debt	-	(11,996)	-	(17,991)
Goodwill	-	4,232	-	-
Financial contract	-	-	-	(178)
Future income taxes	-	(4,607)	-	(6,933)
Asset retirement obligation	(269)	(394)	(659)	(472)
	$ 26,348	$ 25,751	$ 22,527	$ 7,153
Consideration was comprised of:				
Class A shares	-	19,090	17,596	7,003
Cash	26,348	6,337	4,931	-
Transaction costs	-	324	-	150
	$ 26,348	$ 25,751	$ 22,527	$ 7,153

*The results of operations include net revenue from this transaction effective June 30, 2009. 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.

4. Property, plant and equipment

	2009	2008
Petroleum and natural gas assets	**$ 181,181**	$ 131,505
Accumulated depletion and depreciation	**(31,239)**	(10,801)
Property, plant and equipment, net	**$ 149,942**	$ 120,704

For the year ended December 31, 2009, the Company capitalized general and administrative expenses directly relating to exploration and development activities in the amount of $1,710,407 ($1,561,837 – December 31, 2008) and stock based compensation of $2,255,002 (including tax effect of $584,327) ($914,169 (including tax effect of $212,137) – December 31, 2008).

Unproved property costs amounting to $2,417,973 have been excluded from costs subject to depletion at December 31, 2009 ($929,479 – December 31, 2008) and future development costs of $5,646,085 ($5,219,000 – December 31, 2008) have been included in costs subject to depletion.

The Company performed a ceiling test calculation at December 31, 2009 and determined that no impairment exists in petroleum and natural gas properties as at December 31, 2009. The prices used in the ceiling test evaluation of the Company's oil and gas assets are summarized in the following table:

Year	WTI Cushing[(1)] Oklahoma ($US/bbl)	Edmonton Par Price 40° API ($Cdn/bbl)	Alberta AECO-C Spot ($Cdn/MMBTU)	Henry Hub ($US/MMBTU)
2010	79.17	84.25	5.36	5.70
2011	84.46	89.99	6.21	6.48
2012	86.89	92.61	6.44	6.70
2013	90.20	96.19	7.23	7.43
2014	92.01	98.13	7.98	8.12
2015 – 2020[(2)]	98.67	105.30	8.62	8.71
Thereafter[(3)]	2%	2%	2%	2%

(1) 40 degrees API, 0.4% sulphur
(2) Prices shown are the average over the period.
(3) Percentage change of 2.0% represents the change in future prices each year after 2020 to the end of the reserve life.

5. Future income taxes

a. Income tax provision

		2009		2008
Net earnings (loss) for the period before taxes	$	**(12,210)**	$	3,080
Combined tax rate		**29.00%**		29.50%
Expected income tax expense (reduction)		**(3,541)**		909
Stock option compensation		**594**		205
Current rate (reduction) increase		**344**		(330)
Future income tax expense (reduction)	**$**	**(2,603)**	$	784

b. Future income tax liability

The components of the net future income tax liability are as follows:

		2009		2008
Temporary differences related to:				
Property and equipment	**$**	**(20,015)**	$	(18,357)
Non-capital losses		**179**		321
Share issue costs		**636**		544
Financial contracts		**444**		(799)
Asset retirement obligations		**659**		562
Net future income tax liability	**$**	**(18,097)**	$	(17,729)

The non-capital losses of $0.5 million expire in the years from 2015 to 2017.

6. 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 20 years will total approximately $8.0 million, with the majority of the expenditures to be incurred between 2018 and 2028. The fair value at December 31, 2009 is $2,638,084 using a discount rate of 8 percent per annum and an inflation rate of 2 percent per annum. As at December 31, 2009, no funds have been set aside to settle this obligation.

		2009		2008
Asset retirement obligation, beginning of year	**$**	**2,164**	$	197
Liabilities assumed on acquisitions *(Note 3)*		**269**		1,525
Liabilities incurred		**130**		354
Accretion expense		**185**		88
Actual abandonment expenditures incurred		**(110)**		-
Asset retirement obligation, end of year	**$**	**2,638**	$	2,164

7. Bank debt

As at December 31, 2009, the Company had a revolving demand credit facility with an authorized borrowing amount of $52 million, with interest and other fees charged at the bank's prime rate plus a rate as determined by a pricing grid. 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 Company.

At December 31, 2009, the revolving demand credit facility was drawn to $38.0 million. The Company had also issued a letter of credit in the amount of approximately $0.1 million.

The next review is scheduled for May 31, 2010. These reviews are based primarily on reserves and using commodity prices estimated by the bank, as well as other factors. A decrease in the borrowing base could result in a reduction to the credit facility available upon the next scheduled review which may require a repayment to the bank over the following 12 month period.

8. Share capital

Authorized

Unlimited number of voting Class A shares with no par value
Unlimited number of voting Class B shares with no par value
Unlimited number of voting preferred shares with no par value

Class A shares	Number		Amount
Balance, December 31, 2008	50,005,182	$	77,753
Issued for cash	15,428,000		15,690
Share issue costs (net of tax of $366)			(1,034)
Tax effect on flow through shares			(2,752)
Balance, December 31, 2009	65,433,182	$	89,657
Class B shares			
Balance, December 31, 2007	1,053,540	$	10,535
Tax effect on flow through shares			(2,818)
Balance, December 31, 2008 and 2009	1,053,540	$	7,717
Total share capital balance, December 31, 2009	**66,486,722**	**$**	**97,374**

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 on the same basis.

On February 12, 2009, the Company announced its intention to make a Normal Course Issuer Bid through the TSX Venture Exchange. Pursuant to this Normal Course Issuer Bid, the Company may repurchase for cancellation up to 2,500,000 Class A shares and 52,000 Class B shares, representing 5% of the 50,005,182 Class A shares and 1,053,540 Class B shares outstanding at that time. The Normal Course Issuer Bid commenced February 16, 2009 and will terminate on February 15, 2010. No shares were purchased under this Normal Course Issuer Bid during the year ended December 31, 2009.

Issuance of shares

On June 16, 2009, the Company closed a bought deal financing for gross proceeds of approximately $15.7 million, issuing 11,246,500 subscription receipts at $0.95 per share and 4,167,000 Class A shares at $1.20 per share on a flow through basis. The funds from the subscription receipts were released on June 30, 2009 in conjunction with the closing of the acquisition of the Peace River Arch area assets as discussed in Note 3. The subscription receipts were deemed to be exercised into Class A shares on filing of the qualifying final short form prospectus on July 10, 2009 and accordingly transferred to Class A shares. Two directors acquired 125,000 Class A shares through this issuance. The Company must spend $5.0 million on qualifying expenditures by December 31, 2010. As at December 31, 2009, the Company had spent $1.3 million toward these commitments.

On December 18, 2008, the Company issued 3,000,000 Class A shares on a flow through basis at a price of $1.60 per share. One director and two members of management received 53,125 Class A shares as a result of the issue. Gross proceeds of $4.8 million ($4.4 million net of commissions and expenses) were received by the Company. The Company has spent $4.8 million on qualifying expenditures as at December 31, 2009.

On July 24, 2008, the Company issued 5,891,925 Class A shares, at a per share value of $3.24, to acquire C3 (as described in Note 2). Subsequent to closing, the President and CEO of C3 joined the Company's board of directors.

On July 10, 2008, the Company 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 June 26, 2008, the Company issued 8,300,000 Class A shares, at a price of $2.12 per share, to Progress as part of the consideration for the southeast Saskatchewan light oil assets (as described in Note 3). At the time of closing, Progress' President and CEO joined the Company's board of directors.

On May 29, 2008, the Company issued 2,792,000 Class A shares on a flow through basis at a price of $2.15 per share. Gross proceeds of $6.0 million ($5.5 million net of commissions and expenses) were received by the Company. The Company has spent $6.0 million on qualifying expenditures as at December 31, 2009.

On April 1, 2008, the Company issued 8,049,250 Class A shares at a per share value of $0.87 to acquire 133Co (as described in Note 2). At the time of closing, one director and one member of management received 958,260 Class A shares as a result of the acquisition. Subsequent to closing, the major shareholder of 133Co joined the Company's board of directors.

Management of capital structure

In the management of capital, the Company includes share capital and net debt (defined as the sum of cash and cash equivalents, current assets, current liabilities and bank debt, if any) in the definition of capital. The Company's objective when managing capital is to maintain a flexible capital structure which will allow it to execute on its capital investment program, which includes investing in oil and gas activities which may or may not be successful. Therefore, the Company strives 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.

	December 31, 2009	December 31, 2008
Capitalization		(restated)
Bank debt	**$ 38,044**	$ 19,102
Working capital deficiency [(1)]	**2,265**	3,392
Net debt	**40,309**	22,494
Class A shares outstanding	**65,433,182**	50,005,182
Class A share price [(2)]	**$ 1.10**	$ 1.00
Class A market capitalization	**$ 71,976**	$ 50,005
Class B shares outstanding	**1,053,540**	1,053,540
Class B share price [(2)]	**$ 5.11**	$ 2.55
Class B market capitalization	**$ 5,384**	$ 2,687
Total market capitalization	**$ 77,360**	$ 52,692
Total capitalization	**$ 117,669**	$ 75,186
Net debt as a percent of total capitalization	**34%**	30%
Funds flow from operations [(3)]	**$ 15,120**	$ 10,854
Net debt to funds flow from operations ratio	**2.67**	2.07

(1) Working capital excludes the current portion of future income taxes and financial contracts.

(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 and expenditures on abandonments.

The key measures that the Company utilizes in evaluating its capital structure are net debt to cash flows from operating activities (before changes in non-cash working capital) and the current credit available from its creditors in relation to the Company's budgeted capital program.

The Company manages its capital structure and makes adjustments by continually monitoring its business conditions, including: the current economic conditions; the risk characteristics of the underlying assets; the depth of its investment opportunities; forecasted investment levels; the past efficiencies of its investments; the efficiencies of the forecasted investments and the desired pace of investment; current and forecasted net debt levels; current and forecasted natural gas and light oil prices and other factors that influence natural gas prices and cash flow from operating activities (before changes in non-cash working capital), such as foreign exchange and basis differential.

In order to maintain or adjust the capital structure, the Company will consider: its forecasted net debt to forecasted cash flows from operating activities (before changes in non-cash working capital and expenditures on abandonments) ratio while attempting to finance an acceptable investment program including incremental investment and acquisition opportunities; the current level of bank debt available; the level of bank credit that may be obtainable as a result of reserve growth; the availability of other sources of debt with different characteristics than the existing available bank debt; the sale of assets; limiting the size of the investment program and new equity issues, if available on favourable terms.

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.

Outstanding stock options	Number of Options	Weighted Average Exercise Price
Outstanding December 31, 2008	3,992,500	$2.39
Granted	2,596,250	$1.03
Exercised	(14,500)	$0.40
Cancelled	(1,085,000)	$3.64
Forfeited	(15,000)	$3.80
Outstanding as at December 31, 2009	**5,474,250**	**$1.50**
Exercisable as at December 31, 2009	**1,253,794**	**$1.57**

On October 23, 2009, the Company granted options to acquire up to 1,873,750 Class A shares at a price of $1.19 per share, 1,130,000 of which were granted to directors and officers with the remaining 743,750 granted to certain employees and consultants. The Board of Directors also approved a voluntary stock option surrender program under which certain employees and consultants (and excluding directors and officers) surrendered 1,085,000 previously issued stock options for cancellation. These options had exercise prices ranging from $2.25 to $3.80. As such, the stock-based compensation expense for 2009 of $2,046,994 included $777,112 and the capitalized stock-based compensation of $2,255,002 included $931,766 (including tax effect of $192,269) of accelerated expense for the remaining life of the surrendered options.

	Options Outstanding				Options Exercisable		
Range of exercise prices	Number Outstanding	Weighted average remaining contractual life (years)		Weighted average exercise price	Number exercisable		Weighted average exercise price
$0.00 to $1.00	1,620,310	3.4	$	0.50	593,710	$	0.40
$1.01 to $2.00	2,596,440	4.4	$	1.14	240,904	$	1.00
$2.01 to $4.00	1,257,500	3.5	$	3.54	419,180	$	3.54
	5,474,250	3.9	$	1.50	1,253,794	$	1.57

All granted options have an estimated weighted average fair value determined using the Black-Scholes model using the following assumptions:

Grant date	Grant Price	Risk free interest rate	Volatility %	Dividend Yield	Fair Value per option
March, 2008	$1.00	2.91 %	72.62 %	-	$0.61
June, 2008	$3.20	3.18 %	88.44 %	-	$2.25
August, 2008	$3.80	3.21 %	94.53 %	-	$2.78
October, 2008	$2.25	2.77 %	96.48 %	-	$1.66
March 2, 2009	$0.62	1.91 %	117.14 %	-	$0.51
October, 2009	$1.19	2.77 %	102.97 %	-	$0.91

Total compensation expense is amortized over the vesting period of the option. Compensation expense of $2,046,994 has been recognized during 2009 ($695,087 – 2008) based on the estimated fair value of the options on the grant date in accordance with the fair value method of accounting for stock-based compensation. An additional $2,255,002 in stock based compensation (including tax effect of $584,327) has been capitalized during 2009 (2008 - $914,169 (including tax effect of $212,136)).

Per share amounts

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 and the effect of options have been excluded from the calculation of weighted average diluted shares as they would have been anti-dilutive for the year ended December 31, 2009. 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.

Weighted average number of shares	**2009**	2008
Weighted average – Class A shares	**57,935,979**	35,115,905
Weighted average – Class B shares	**1,053,540**	1,053,540
Weighted average – basic	**58,989,519**	36,169,445
Weighted average –diluted	**58,989,519**	46,600,534

9. Contributed Surplus

		2009		2008
Balance, beginning of year	**$**	**1,471**	$	74
Stock based compensation expense		**2,047**		695
Stock based compensation capitalized		**1,670**		702
Balance, end of year	**$**	**5,188**	$	1,471

10. Commitments

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 were entirely spent on qualifying expenditures by December 31, 2009. The balance of these flow through share funds were renounced to subscribers in March 2009. On June 16, 2009, the Company issued $5.0 million of flow through shares. These funds must be spent on qualifying expenditures by December 31, 2010. As at December 31, 2009, the Company had spent $1.3 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	2010	2011	2012
Operating leases	$	837	287	287	263
Qualifying Flow through share expenditures	$	3,686	3,686	-	-
Financial instrument premiums	$	3,760	2,190	1,570	-
Total contractual obligations	$	8,283	6,163	1,857	263

11. Financial instruments

Fair value of financial assets

The Company's financial instruments recognized on the balance sheet as at December 31, 2009 consist of cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities and bank indebtedness. The fair values of these financial instruments approximate their carrying amounts due to the short terms to maturity of these instruments. The fair value of the Canadian dollar revolving credit facility is equal to its carrying amount as the facility bears interest at floating rates and credit spreads within the facility are indicative of market rates. From time to time, the Company enters into derivative crude oil

and natural gas contracts ("commodity price contracts"). The fair value of those outstanding at December 31, 2009 is discussed in the commodity price risk section below.

Interest rate risk

Seaview has mitigated some exposure to interest rate risk by entering into fixed interest rate swap transactions. The Company is exposed to interest rate risk on the revolving demand credit facility as the interest charged on the amount borrowed is based on a floating interest rate.

The Company has 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. For the year ended December 31, 2009, realized losses of $67,007 were recorded as interest expense. As at December 31, 2009, an unrealized loss of $23,618 was recorded as a liability representing the fair value of these contracts.

Credit risk

Substantially all of the Company's petroleum and natural gas production is marketed under standard industry terms by a reputable petroleum and natural gas marketing agent. The Company monitors the financial condition of this marketer as well as the ultimate purchaser of its product. At year end, $4.7 million was owed to the Company in regards to its petroleum and natural gas sales, all of which was received subsequent to year end. All other accounts receivable are with customers and joint venture partners in the petroleum and natural gas business under normal industry sale and payment terms and are subject to normal credit risk. The Company routinely assesses the financial strength of its customers and partners.

As is common in the petroleum and natural gas industry in western Canada, receivables relating to the sale of petroleum and natural gas are received on or about the 25th day of the following month. Production is sold to customers with investment grade credit ratings, if available in the area of production, which accounts for the majority of sales, otherwise parental guarantees or letters of credit are sought. Of the $7.7 million accounts receivable outstanding, $4.7 million related to the sale of petroleum and natural gas and was received January 25, 2010. Of the remaining balance, $1.5 million was receivable from the Alberta government for drilling credits earned on capital projects completed during the year and $1.5 million was due from trade and joint venture partners, relating to the recovery of the partners' interests in operating costs and capital spent. The largest amount owing from one partner was $0.5 million, for the recovery of the partner's interest in operating costs and capital spent. Where Seaview is the operator of properties, Seaview has the ability to not allocate production to joint venture partners who are in default of amounts owing. At December 31, 2009 there was no allowance for the impairment of accounts receivable.

Currency risk

The Company does not sell or transact in any foreign currency, however, the United States ("U.S.") dollar influences the price of petroleum and natural gas sold in Canada. Price fluctuations, as a result, can affect the fair value and future cash flows of derivative natural gas contracts, however, given it is an indirect influence, the impact of the changing exchange rates cannot be accurately quantified. The Company's other financial assets and liabilities are not affected by a change in currency rates.

Liquidity risk

Liquidity risk relates to the risk the Company will encounter difficulty in meeting obligations associated with financial liabilities. The financial liabilities on its balance sheet consist of accounts payable and bank debt. The Company has a revolving demand credit facility in the amount of $52.0 million, which had $38.0 million drawn at December 31, 2009, in order to meet the obligations associated with financial liabilities. The Company anticipates it will continue to have adequate liquidity to fund its financial liabilities through its future cash flows and available credit facility (for other information, refer to "Management of Capital Structure" in Note 8). The Company had no defaults or breaches on its bank debt or any of its financial liabilities.

Market risk

Market risk is comprised of currency risk, interest rate risk and other price risks which consist primarily of fluctuations in petroleum and natural gas prices. Currency risk has no impact on the value of the financial assets and liabilities on the balance sheet at December 31, 2009. Changes to the U.S. to Canadian exchange rate, however, could influence future petroleum and natural gas prices which could impact the future cash flows from the sale of petroleum and natural gas products, however this indirect influence cannot be accurately quantified. The Company is exposed to interest rate risk on the Canadian revolving credit facility as the interest charged on the amount borrowed is based on a floating interest rate. In regards to interest rates, a 1% change in interest rate would have impacted net income by $135,000. In regards to commodity prices, a $0.25 change to the price per thousand cubic feet of natural gas would have impacted net income by $330,000 and a $1.00 change in the price per barrel of crude would have impacted net income by $80,000.

Commodity price risk

The Company enters into derivative natural gas and crude oil financial instruments for the purpose of protecting its cash flow from operations (before changes in non-cash working capital and expenditures on abandonments) from the volatility of commodity prices. The fair value of the commodity price risk contracts are estimated based on the mark-to-market method of accounting, using public quoted market prices or, in their absence, third-party market indications and forecasts priced on the last trading day of the applicable period and are therefore classified as Level 2. For the year ended December 31, 2009, realized gains of $6.4 million were recorded as petroleum and natural gas sales (December 31, 2008 – $367,243). As at December 31, 2009, the Company recorded a liability related to the unrealized loss on financial contracts of $1.6 million reflecting the fair value of the crude oil and natural gas contracts outstanding at December 31, 2009 (December 31, 2008 – a gain of $3.1 million).

As at December 31, 2009, the Company had the following contracts:

Natural gas	Volume	Pricing Point		Price		Fair Value	Term
Put [1]	2,000 gj/d	AECO Monthly	$	4.15/gj	$	(339)	July '09 – December '10
Swap	1,000 gj/d	AECO Monthly	$	5.78/gj	$	135	January '10 – December '10
Swap	1,000 gj/d	AECO Monthly	$	5.60/gj	$	70	January '10 – December '10
Put [2]	2,000 gj/d	AECO Monthly	$	4.75/gj	$	(253)	January '10 – December '11
Call	1,500 gj/d	AECO Monthly	$	7.73/gj	$	(222)	January '11 – December '11
Crude Oil							
Put [3]	200 bbl/d	WTI – Nymex CAD	$	75.00/bbl	$	(425)	January '10 – December '11
Call	100 bbl/d	WTI – Nymex CAD	$	84.60/bbl	$	(527)	January '11 – December '11
Fair value of commodity price contracts					$	(1,561)	
Fair value of interest rate swap					$	(24)	
Total fair value of financial derivative contracts					$	(1,585)	

(1) The net floor for this contract reflects the deferred cost of $0.85/gj paid over the course of the contract. The strike price of the put is $5.00/gj before the deferred cost.

(2) The net floor for this contract reflects the deferred cost of $1.05/gj paid over the course of the contract. The strike price of the put is $5.80/gj before the deferred cost.

(3) The net floor for this contract reflects the deferred cost of $11.00/bbl paid over the course of the contract. The strike price of the put is $86.00/bbl before the deferred cost.

Subsequent to December 31, 2009, the two fixed price swaps on natural gas were liquidated for the period of February to December 2010 and the value of the liquidation was used to enter into new financial contracts as outlined below:

	Volume	Pricing Point		Price	Term
Natural gas swap	1,000 gj/d	AECO Monthly	$	4.58/gj	April '10 – October '10
Natural gas put	3,000 gj/d	AECO Monthly	$	5.02/gj	February '10 – December '10
Natural gas call	3,000 gj/d	AECO Monthly	$	7.04/gj	January '12 – December '12

12. Related party transactions

The Company received legal services from a firm in which a director and the corporate secretary of the Company are partners. The Company was charged $516,906 during the year ended December 31, 2009 (2008 – $593,782) which has been included in general and administrative expense, share issuance costs and property, plant and equipment as part of the transaction costs on acquisitions. At December 31, 2009, accounts payable included $16,512 (December 31, 2008 – $77,000) relating to these services.

These transactions are in the normal course of operations and acquisitions and are measured at the exchange amount which is the consideration established and agreed to by the related parties.

CORPORATE INFORMATION

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Timothy L. Campbell
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DIRECTORS

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Chairman
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

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