

**SEAVIEW ENERGY INC.**  
**CONSOLIDATED BALANCE SHEETS**  
(stated in thousands of dollars)  
(unaudited)

	As at September 30, 2009	As at December 31, 2008
<b>CURRENT ASSETS</b>		
Accounts receivable	\$ 7,366	\$ 7,837
Prepaid expenses and deposits	807	773
Financial contracts <i>(Note 10)</i>	427	3,075
<b>Total current assets</b>	<b>8,600</b>	11,685
Property, plant and equipment <i>(Note 4)</i>	144,924	120,704
Goodwill	7,563	7,470
<b>TOTAL ASSETS</b>	<b>\$ 161,087</b>	<b>\$ 139,859</b>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	\$ 9,515	\$ 12,003
Bank debt <i>(Note 6)</i>	34,790	19,101
Future income taxes	113	799
<b>Total current liabilities</b>	<b>44,418</b>	31,903
Future income taxes	18,780	16,930
Asset retirement obligation <i>(Note 5)</i>	2,589	2,164
<b>Total liabilities</b>	<b>65,787</b>	50,997
<b>SHAREHOLDERS' EQUITY</b>		
Share capital <i>(Note 7)</i>	\$ 97,364	\$ 85,470
Contributed surplus <i>(Note 8)</i>	3,256	1,471
Retained earnings (deficit)	(5,320)	1,921
<b>Total shareholders' equity</b>	<b>95,300</b>	88,862
<b>TOTAL LIABILITIES &amp; SHAREHOLDERS' EQUITY</b>	<b>\$ 161,087</b>	<b>\$ 139,859</b>

Commitments *(Note 9)*

Subsequent event *(Note 7 and Note 10)*

See accompanying notes to the interim consolidated financial statements

**SEAVIEW ENERGY INC.****CONSOLIDATED STATEMENTS OF NET INCOME (LOSS) AND COMPREHENSIVE INCOME (LOSS)  
AND RETAINED EARNINGS (DEFICIT)**

(stated in thousands of dollars)

(unaudited)

	Three months ended September 30		Nine months ended September 30	
	2009	2008	2009	2008
<b>Revenue</b>				
Petroleum and natural gas sales	\$ 8,664	\$ 8,491	\$ 23,127	\$ 14,772
Royalties	(810)	(2,203)	(3,015)	(3,517)
Unrealized gain (loss) on financial contracts	(1,628)	3,059	(2,601)	1,890
	<b>6,226</b>	<b>9,347</b>	<b>17,511</b>	<b>13,145</b>
<b>Expenses</b>				
Operating expenses	2,621	1,018	6,842	2,101
Transportation expense	311	173	896	275
General and administrative	477	404	1,485	1,088
Interest expense	335	374	793	493
Unrealized (gain) loss on financial contracts	(26)	-	47	-
Stock based compensation (Note 7)	371	243	995	368
Depletion, depreciation & accretion	5,306	3,419	15,192	5,979
	<b>9,395</b>	<b>5,631</b>	<b>26,250</b>	<b>10,304</b>
Income (loss) before taxes	\$ (3,169)	\$ 3,716	\$ (8,739)	\$ 2,841
Future income tax expense (reduction)	(262)	842	(1,498)	920
Net income (loss) and comprehensive income (loss)	\$ (2,907)	\$ 2,874	\$ (7,241)	\$ 1,921
Retained earnings (deficit), beginning of period	(2,413)	(1,328)	1,921	(375)
Retained earnings (deficit), end of period	\$ (5,320)	\$ 1,546	\$ (5,320)	\$ 1,546
Net income (loss) per share – basic (Note 7)	\$ (0.04)	\$ 0.06	\$ (0.13)	\$ 0.06
Net income (loss) per share – diluted (Note 7)	\$ (0.04)	\$ 0.06	\$ (0.13)	\$ 0.05

See accompanying notes to the interim consolidated financial statements

**SEAVIEW ENERGY INC.**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(stated in thousands of dollars)  
(unaudited)

	Three months ended September 30		Nine months ended September 30	
	2009	2008	2009	2008
<b>Operating activities</b>				
Net income (loss)	\$ (2,907)	\$ 2,874	\$ (7,241)	\$ 1,921
Depletion, depreciation and accretion	5,306	3,419	15,192	5,979
Unrealized (gain) loss on financial contracts	1,602	(3,059)	2,648	(1,890)
Stock option compensation	371	243	995	368
Future income tax expense (reduction)	(262)	842	(1,498)	920
Expenditures on abandonments <i>(Note 5)</i>	(87)	-	(107)	-
	4,023	4,319	9,989	7,298
Changes in non-cash working capital	(422)	(348)	(77)	(1,250)
<b>Cash provided by operating activities</b>	<b>\$ 3,601</b>	<b>\$ 3,971</b>	<b>\$ 9,912</b>	<b>\$ 6,048</b>
<b>Financing activities</b>				
Increase (decrease) in bank debt	(2,249)	(7,287)	15,689	(12,491)
Proceeds from issuance of shares (net of costs)	(116)	9,228	14,280	14,775
<b>Cash provided by (used in) financing activities</b>	<b>\$ (2,365)</b>	<b>\$ 1,941</b>	<b>\$ 29,969</b>	<b>\$ 2,284</b>
<b>Investing activities</b>				
Property, plant and equipment additions	(3,929)	(7,021)	(11,197)	(14,349)
Property acquisition <i>(Note 3)</i>	(2)	62	(26,617)	(4,858)
Business combination <i>(Note 3)</i>	-	(6,638)	-	(6,838)
Changes in non-cash working capital	2,695	7,685	(2,067)	6,937
<b>Cash used in investing activities</b>	<b>\$ (1,236)</b>	<b>\$ (5,912)</b>	<b>\$ (39,881)</b>	<b>\$ (19,108)</b>
Change in cash during the period	\$ -	\$ -	\$ -	\$ (10,776)
Cash – beginning of period	-	-	-	10,776
<b>Cash – end of period</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
See accompanying notes to the interim consolidated financial statements				
Interest paid	\$ 334	\$ 374	\$ 984	\$ 493

# SEAVIEW ENERGY INC.

## NOTES TO THE UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three and nine months ended September 30, 2009

(Tabular dollar amounts are stated in thousands of dollars except per share amounts)

### 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 unaudited interim consolidated financial statements are stated in Canadian dollars and have been prepared by management in accordance with Canadian generally accepted accounting principles. These unaudited interim 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 unaudited interim 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 consistent with those accounting policies and methods of computation for the fiscal year ended December 31, 2008 except as noted below. Accordingly, these unaudited interim consolidated financial statements should be read in conjunction with the audited consolidated financial statements and the notes thereto for the periods ended December 31, 2008 and 2007.

### 2. Changes in accounting policies

#### New accounting standard

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.

#### 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 eventual changeover to IFRS represents changes due to new accounting standards. The transition from current Canadian GAAP to IFRS is a significant undertaking and the impacts on the Company's consolidated financial statements are unknown at this time. Seaview 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.

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.

In May 2009, 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. These amendments are effective for the Company on December 31, 2009.

## SEAVIEW ENERGY INC.

### NOTES TO THE UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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(Tabular dollar amounts are stated in thousands of dollars except per share amounts)

#### 3. Property acquisitions and business combinations

	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

	September 30, 2009	December 31, 2008
Petroleum and natural gas assets	\$ 170,784	\$ 131,505
Accumulated depletion and depreciation	(25,860)	(10,801)
Property, plant and equipment, net	\$ 144,924	\$ 120,704

For the three and nine months ended September 30, 2009, the Company capitalized general and administrative expenses directly relating to exploration and development activities in the amount of \$495,426 and \$1,244,242, respectively (\$863,295 – nine months ended September 30, 2008) and stock based compensation of \$229,281 and \$1,065,820, respectively (including tax effect of \$59,613 and \$275,140, respectively) (\$482,308 (including tax effect of \$116,695) – nine months ended September 30, 2008).

Unproved property costs amounting to \$519,611 have been excluded from costs subject to depletion at September 30, 2009 (\$929,479 – December 31, 2008) and future development costs of \$4,678,016 (\$5,219,000 – December 31, 2008) have been included in costs subject to depletion.

#### 5. 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 September 30, 2009 is \$2,589,298 using a discount rate of 8 percent per annum and an inflation rate of 2 percent per annum. As at September 30, 2009, no funds have been set aside to settle this obligation.

## SEAVIEW ENERGY INC.

### NOTES TO THE UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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(Tabular dollar amounts are stated in thousands of dollars except per share amounts)

	September 30, 2009	December 31, 2008
Asset retirement obligation, beginning of period	\$ 2,164	\$ 197
Liabilities assumed on acquisitions (Note 3)	269	1,525
Liabilities incurred	130	354
Accretion expense	133	88
Actual abandonment expenditures incurred	(107)	-
Asset retirement obligation, end of period	\$ 2,589	\$ 2,164

#### 6. Bank debt

As at September 30, 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 September 30, 2009, the revolving demand credit facility was drawn to \$34.8 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.

#### 7. 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, 2007	19,073,007	\$ 14,799
Issued for cash	8,691,000	20,804
Issued for corporate acquisition	22,241,175	43,647
Share issue costs (net of tax of \$472)	-	(1,185)
Tax effect on flow through shares	-	(313)
Balance, December 31, 2008	50,005,182	\$ 77,753
Issued for cash	15,413,500	15,684
Share issue costs (net of tax of \$366)	-	(1,038)
Tax effect on flow through shares	-	(2,752)
Balance, September 30, 2009	65,418,682	\$ 89,647
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 September 30, 2009	1,053,540	\$ 7,717
<b>Total share capital balance, September 30, 2009</b>		<b>\$ 97,364</b>

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.

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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 nine months ended September 30, 2009.

#### 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, 2006	-	-
Granted	958,810	\$0.40
Outstanding December 31, 2007	958,810	\$0.40
Granted	3,082,190	\$2.98
Forfeited	(48,500)	(\$0.42)
Outstanding December 31, 2008	3,992,500	\$2.39
Granted	722,500	\$0.62
Forfeited	(15,000)	\$3.80
<b>Outstanding as at September 30, 2009</b>	<b>4,700,000</b>	<b>\$2.11</b>
<b>Exercisable as at September 30, 2009</b>	<b>1,309,198</b>	<b>\$2.39</b>

Range of exercise prices	Options Outstanding			Options Exercisable	
	Number Outstanding	Weighted average remaining contractual life (years)	Weighted average exercise price	Number exercisable	Weighted average exercise price
\$0.00 to \$1.00	2,357,500	3.6	\$ 0.65	545,012	\$ 0.67
\$1.01 to \$3.00	50,000	4.0	\$ 2.25	-	\$ -
\$3.01 to \$4.00	2,292,500	3.8	\$ 3.62	764,186	\$ 3.62
	4,700,000	3.7	\$ 2.11	1,309,198	\$ 2.39

## SEAVIEW ENERGY INC.

### NOTES TO THE UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three and nine months ended September 30, 2009

(Tabular dollar amounts are stated in thousands of dollars except per share amounts)

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
October, 2007	\$0.40	4.35 %	56.65 %	-	\$1.10
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

Total compensation expense is amortized over the vesting period of the option. Compensation expense of \$371,276 and \$995,320 has been recognized in the three and nine months ended September 30, 2009, respectively, (\$368,331 – nine months ended September 30, 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 \$229,282 and \$1,065,821 in stock based compensation (including tax effect of \$59,613 and \$275,140) has been capitalized in the three and nine months ended September 30, 2009, respectively (nine month ended September 30, 2008 - \$482,308 (including tax effect of \$116,695)).

Subsequent to the end of the quarter, 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. Concurrently, the Board of Directors 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.

#### 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 three and nine months ended September 30, 2009 as well as for the three and nine months ended September 30, 2008.

	Three months ended September 30		Nine months ended September 30	
	2009	2008	2009	2008
Weighted average number of shares				
Weighted average – Class A shares	<b>65,418,682</b>	45,153,049	<b>55,413,167</b>	30,981,549
Weighted average – Class B shares	<b>1,053,540</b>	1,053,540	<b>1,053,540</b>	1,053,540
Weighted average – basic	<b>66,472,222</b>	46,206,589	<b>56,466,707</b>	32,035,089
Weighted average –diluted	<b>66,472,222</b>	49,225,328	<b>56,466,707</b>	35,053,828

## 8. Contributed Surplus

	Nine months ended September 30, 2009	Year ended December 31, 2008
Balance, beginning of period	\$ 1,471	\$ 74
Stock based compensation expense	995	695
Stock based compensation capitalized	790	702
Balance, end of period	\$ 3,256	\$ 1,471

## SEAVIEW ENERGY INC.

### NOTES TO THE UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three and nine months ended September 30, 2009

(Tabular dollar amounts are stated in thousands of dollars except per share amounts)

#### 9. 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 must be spent on qualifying expenditures by December 31, 2009. As at September 30, 2009, the Company had spent \$9.5 million toward these commitments. 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. The Company will fund these commitments through available credit facilities and future cash flows.

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

The Company enters into natural gas and crude oil financial contracts from time to time, some of which may have premiums attached to them (see Note 10). The future premiums Seaview is committed to pay are included in the table below.

The Company's future contractual commitments are highlighted below:

	Total	2009	2010	2011	2012
Operating leases	\$ 909	72	287	287	263
Qualifying Flow through share expenditures	\$ 6,311	1,311	5,000	-	-
Financial instrument premiums	\$ 4,082	322	2,190	1,570	-
Total contractual obligations	\$ 11,302	1,705	7,477	1,857	263

#### 10. Financial instruments

##### Interest rate risk

Seaview has mitigated some exposure to interest rate risk by entering into fixed 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 three and nine months ended September 30, 2009, realized losses of \$23,937 and \$43,044, respectively, were recorded as interest expense. As at September 30, 2009, an unrealized loss of \$47,020 was recorded as an expense representing the fair value of these contracts.

##### 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) from the volatility of commodity prices. For the three and nine months ended September 30, 2009, realized gains of \$2.2 million and \$4.9 million, respectively, were recorded as petroleum and natural gas sales. As at September 30, 2009, an unrealized loss of \$473,809 was recorded as revenue representing the fair value of these commodity price contracts.

## SEAVIEW ENERGY INC.

### NOTES TO THE UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three and nine months ended September 30, 2009

(Tabular dollar amounts are stated in thousands of dollars except per share amounts)

As at September 30, 2009, the Company had the following contracts:

Natural gas	Volume	Pricing Point	Price	Fair Value	Term
Put <sup>(1)</sup>	1,000 gj/d	AECO Monthly	\$ 8.70/gj	\$ 397	August '08 – December '09
Put	1,500 gj/d	AECO Monthly	\$ 8.50/gj	\$ 568	November '08 – December '09
Put	1,000 gj/d	AECO Monthly	\$ 9.00/gj	\$ 425	April '09 – December '09
Swap	1,000 gj/d	AECO Monthly	\$ 6.02/gj	\$ 150	March '09 – December '09
Put <sup>(2)</sup>	2,000 gj/d	AECO Monthly	\$ 4.15/gj	\$ (283)	July '09 – December '10
Call	1,500 gj/d	AECO Monthly	\$ 7.00/gj	\$ (222)	January '10 – December '10
Swap	1,000 gj/d	AECO Monthly	\$ 5.78/gj	\$ 14	January '10 – December '10
<b>Crude Oil</b>					
Swap	100 bbl/d	WTI – Nymex CAD	\$ 55.90/bbl	\$ (186)	March '09 – December '09
Call	100 bbl/d	WTI – Nymex CAD	\$ 84.60/bbl	\$ (389)	January '11 – December '11
Fair value of commodity price contracts				\$ 474	
Fair value of interest rate swap				\$ (47)	
Total fair value of financial derivative contracts				\$ 427	

(1) The net floor for this contract reflects the deferred cost of \$1.80/gj paid over the course of the contract. The strike price of the put is \$10.50/gj before the deferred cost.

(2) 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.

Subsequent to September 30, 2009, the Company entered into two new financial contracts as outlined below:

	Volume	Pricing Point	Price	Term
Natural gas put <sup>(1)</sup>	2,000 gj/d	AECO Monthly	\$ 4.75/gj	January '10 – December '11
Crude oil put <sup>(2)</sup>	200 bbl/d	WTI – Nymex CAD	\$ 75.00/bbl	January '10 – December '11

(1) 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.

(2) 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.

#### 11. 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 \$24,294 and \$457,311 for the three and nine months ended September 30, 2009, respectively, (Nine months ended September 30, 2008 – \$470,028) 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 September 30, 2009, accounts payable included \$nil (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

### OFFICERS AND SENIOR MANAGEMENT

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

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

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

**Davin Chandler**, P.Eng  
Vice President, Engineering

**Timothy L. Campbell**  
Vice President, Land

### DIRECTORS

**Paul Colborne**, <sup>(3)</sup> *Calgary, Alberta*  
Chairman

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

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

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

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

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

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

**Bruce Francis**, <sup>(2),(5)</sup> *P.Eng, Calgary, Alberta*  
Director

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

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

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

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

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

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

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

<sup>(5)</sup> Member of the Health, Safety and Environment Committee

### BANKERS

National Bank of Canada

### PETROLEUM CONSULTANTS

Sproule Associates Limited  
Calgary, Alberta

### LEGAL COUNSEL

McCarthy Tétrault LLP  
Calgary, Alberta

### AUDITORS

KPMG LLP  
Calgary, Alberta

### REGISTRAR AND TRANSFER AGENT

Olympia Trust Company  
Calgary, Alberta

### STOCK EXCHANGE LISTING

TSX - Venture: CVU.A & CVU.B

### INVESTOR RELATIONS

Telephone: (403) 450-3713  
Investor Toll Free: 1-877-242-0222  
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