

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 May 19, 2010 and should be read in conjunction with the unaudited interim consolidated financial statements and selected notes for the periods ended March 31, 2010 and 2009 and the audited consolidated financial statements and notes and MD&A of Seaview for the years 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 three months ended March 31, 2010 and the three months ended March 31, 2009 is as follows:

	Three months ended March 31	
(\$ thousands except per share amounts)	2010	2009
Funds flow from operations	\$ 4,508	\$ 2,910
Expenditures on abandonments	(21)	-
Changes in non-cash working capital	2,572	196
Cash provided by operating activities	\$ 7,059	\$ 3,106
Funds flow from operations per share (basic)	\$ 0.07	\$ 0.06
Expenditures on abandonments	0.00	0.00
Changes in non-cash working capital per share (basic)	0.04	0.00
Cash provided by operating activities per share (basic)	\$ 0.11	\$ 0.06

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)	Q1 2010	Q1 2009	% Change
Petroleum and natural gas sales	\$ 10,773	\$ 7,000	54%
Funds flow from operations ⁽¹⁾	4,508	2,910	55%
Basic per share ⁽²⁾	0.07	0.06	17%
Diluted per share ⁽²⁾	0.06	0.06	-
Net income (loss)	335	(1,061)	132%
Basic per share ⁽²⁾	0.01	(0.02)	150%
Diluted per share ⁽²⁾	0.00	(0.02)	100%
Capital expenditures ⁽³⁾	8,084	5,914	37%
Net debt	43,896	25,507	72%
Shares Outstanding at period end (000's)			
Class A	65,454	50,005	31%
Class B	1,054	1,054	-
Operations			
Daily production			
Natural gas (mcf/d)	16,544	9,464	75%
Light oil and NGLs (bbl/d)	480	388	24%
Total production (boe/d)	3,237	1,965	65%
Average realized sales price (net of risk management gains or losses)			
Natural gas (per mcf)	\$ 5.12	\$ 6.34	(19%)
Light oil and NGL (per bbl)	72.92	45.80	59%
Netback per boe ⁽¹⁾			
Sales price	\$ 37.95	\$ 34.56	10%
Realized risk management gains (losses)	(0.97)	5.02	(119%)
Sales price (net of realized risk management gains/losses)	36.98	39.58	(7%)
Royalties	5.92	7.60	(22%)
Operating expenses	11.10	10.19	9%
Transportation	1.29	1.73	(25%)
Operating netback ⁽¹⁾	\$ 18.67	\$ 20.06	(7%)

(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 terms are 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 terms are used to evaluate performance and in capital allocation decisions.

(2) Weighted average diluted shares outstanding for Q1 2010 include both the impact of the conversion of the Class B shares and the effect of the granted options as dilutive while the impact of both of these have been excluded from Q1 2009 as they would have been anti-dilutive.

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

HIGHLIGHTS OF THE FIRST QUARTER 2010 AND SUBSEQUENT EVENTS

- o Average production for Q1 2010 was 3,237 boe per day, an increase of 65% relative to Q1 2009 average production of 1,965 boe per day (26% increase per basic weighted average share) and a 19% increase compared to Q4 2009 average production of 2,729 boe per day (19% increase per basic weighted average share);
- o Since commencing operations on October 17, 2007, record production levels in the first quarter of 2010 mark the Company's tenth consecutive quarter of growth;
- o Funds flow from operations for Q1 2010 increased 55% to \$4.5 million from \$2.9 million in Q1 2009. Funds flow from operations increased 17% per basic weighted average share over the same period;
- o The Company drilled five wells (4.0 net) in the quarter with an 80% success rate;

- Seaview has successfully drilled and completed the Company's first Cardium horizontal well at Wapiti establishing the presence for a large oil in place resource play with the potential for multiple follow-up drilling locations;
- Subsequent to quarter end, Seaview disposed of its southeast Saskatchewan assets with production of approximately 200 boe per day for gross proceeds of \$33 million. The disposition closed on April 29, 2010; and
- Subsequent to quarter end, the credit facility was confirmed by the lenders at \$52 million with the next interim review date set for August 1, 2010. Taking into account the asset disposition and based on estimated net debt of approximately \$10 million at the time of closing, Seaview has \$42 million of available credit capacity to pursue strategic opportunities.

RESULTS OF OPERATIONS

Disposition of Assets

On April 12, 2010, the Company signed an agreement with an industry participant to sell all of the Company's southeast Saskatchewan assets for gross proceeds of \$33 million. The disposition subsequently closed on April 29, 2010.

Operations

For the three months ended March 31, 2010, the Company recorded net income of \$0.3 million (net loss of \$1.1 million for the three months ended March 31, 2009).

The following table summarizes selected information for the three months ended March 31, 2010 (the "Quarter" or "Q1 2010"), the three months ended December 31, 2009 (the "Previous Quarter" or "Q4 2009"), as well as the first quarter of 2009 (the "Prior Year Q1" or "Q1 2009"):

	Q1 2010	Q4 2009	Q1 2009
Daily Production			
Natural gas (mcf/d)	16,544	13,703	9,464
Crude oil and NGL's (bbl/d)	480	445	388
Boe/d day @ 6:1	3,237	2,729	1,965
Petroleum and natural gas sales (\$000's)	\$ 10,773	\$ 10,377	\$ 7,000
Funds flow from operations (\$000's)	4,508	5,024	2,910
Per share – basic	0.07	0.08	0.06
Per share – diluted	0.06	0.08	0.06
Net income (loss) (\$000's)	335	(2,366)	(1,061)
Per share – basic	0.01	(0.04)	(0.02)
Per share – diluted	0.00	(0.04)	(0.02)

Commodity prices

Average realized prices	Q1 2010	Q4 2009	Q1 2009
Light crude oil (per bbl)	\$ 77.28	\$ 74.74	\$ 45.41
after realized risk management gains/losses	73.80	67.86	44.92
Natural gas (per mcf)	5.23	4.69	5.28
after realized risk management gains/losses	5.12	6.06	6.34
Natural gas liquids (per bbl)	68.47	63.09	52.54
Total per boe	37.95	35.35	34.56
after realized risk management gains	36.98	41.33	39.58
BENCHMARK PRICES			
WTI oil (US\$ per bbl)	78.70	76.15	43.78
AECO Daily Index (CAD\$ per gj)	4.68	3.86	4.67
Currency (US\$/CAD\$)	1.040	1.057	1.245

The AECO Daily Index gas price averaged \$4.68 per gj or \$4.94 per mcf for Q1 2010 as compared to \$3.86 per gj or \$4.07 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 \$5.07 per gj or \$5.35 per mcf. The natural gas price received by Seaview, before risk management gains, was \$5.23 per mcf for the Quarter compared to \$4.69 per mcf for Q4 2009. Seaview receives a premium to the stated AECO Indexes as the Company produces high heat content natural gas that attracts premium market prices.

The price of West Texas Intermediate (“WTI”) crude averaged US\$78.70 per bbl during the Quarter compared to US\$76.15 per bbl during Q4 2009. Seaview received a combined average price, including natural gas liquids and before risk management effects, of \$75.82 per bbl during the Quarter compared to \$72.43 during the Previous Quarter.

The Canadian dollar averaged US\$1.040 during the Quarter as compared to \$1.057 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 three months ended March 31, 2010, realized losses of \$0.3 million were recorded as petroleum and natural gas sales (Three months ended March 31, 2009 – gains of \$0.9 million). As at March 31, 2010, the Company recorded an asset related to the unrealized gain on financial contracts of \$1.1 million reflecting the fair value of the crude oil and natural gas contracts outstanding at March 31, 2010 (March 31, 2009 – a gain of \$3.5 million).

As at March 31, 2010, the Company had the following financial contracts:

Natural gas	Volume	Pricing Point	Price	Term
Swap	1,000 gj/d	AECO Monthly	\$ 4.58/gj	April '10 – October '10
Put ⁽¹⁾	2,000 gj/d	AECO Monthly	\$ 4.15/gj	July '09 – December '10
Put	3,000 gj/d	AECO Monthly	\$ 5.02/gj	February '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
Call	3,000 gj/d	AECO Monthly	\$ 7.04/gj	January '12 – December '12
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.

The total volumes economically hedged for the period of April 2010 to December 2012 are detailed below. See Note 10 of the unaudited interim consolidated financial statements for a description of the contracts.

Natural Gas	Q2 '10	Q3 '10	Q4 '10	2011	2012
Swaps					
Volumes – gj/d	1,000	1,000	337		
Fixed price (\$/gj)	\$4.58	\$4.58	\$4.58		
Puts					
Volumes – gj/d	7,000	7,000	7,000	2,000	
Net floor (\$/gj)	\$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	
Net floor (CAD\$/bbl)	\$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)	Q1 2010	Q4 2009	Q1 2009
Natural gas	\$ 7,784	\$ 5,911	\$ 4,498
Crude oil and natural gas liquids	3,272	2,964	1,614
Realized risk management gains (losses)	(283)	1,502	888
Petroleum and natural gas sales (net)	\$ 10,773	\$ 10,377	\$ 7,000
\$/boe	\$ 36.98	\$ 41.33	\$ 39.58

Petroleum and natural gas sales for the Quarter and 2009, before royalties and transportation costs, were \$10.7 million (\$10.4 million – Previous Quarter; \$7.0 million – Q1 2009). The increase is attributable to increased production during the Quarter. The Company realized losses of \$0.3 million, net of premiums, on crude oil and natural gas financial contracts during the Quarter compared to realized gains net of premiums of \$1.5 million in the Previous Quarter.

Royalties

(\$000's)	Q1 2010	Q4 2009	Q1 2009
Royalties	\$ 1,725	\$ 1,136	\$ 1,345
Percentage of petroleum and natural gas sales (before realized risk management gains)	15.6%	12.8%	22.0%
\$/boe	\$ 5.92	\$ 4.52	\$ 7.60

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 totaled \$1.7 million (\$1.1 million – Previous Quarter; \$1.3 million – Q1 2009). As a percentage of sales, royalties averaged 15.6% or \$5.92 per boe during the Quarter (12.8% and \$4.52 per boe for the Previous Quarter; 22.0% and \$7.60 per boe – Q1 2009). The royalty rate increased during the Quarter over the Previous Quarter due mainly to the higher Crown reference price impact under the NRF. The rate decreased from Q1 2009 due mainly to the eight wells which attract the 5% royalty rate while the Crown reference price was consistent. The production from these 5% royalty rate wells accounted for approximately 40% of total production in the first quarter of 2010.

Operating expenses

(\$000's)	Q1 2010	Q4 2009	Q1 2009
Operating expenses	\$ 3,232	\$ 2,963	\$ 1,803
\$/boe	\$ 11.10	\$ 11.80	\$ 10.19

Operating expenses for the Quarter were \$3.2 million (\$3.0 million – Previous Quarter; \$1.8 million – Q1 2009) and on a unit-of-production basis, operating expenses averaged \$11.10 per boe (\$11.80 per boe – Previous Quarter; \$10.19 per boe – Q1 2009). The Previous Quarter operating expenses on a per boe basis were higher due mainly to seasonal costs due to colder weather.

Transportation expense

(\$000's)	Q1 2010	Q4 2009	Q1 2009
Transportation expense	\$ 376	\$ 320	\$ 305
\$/boe	\$ 1.29	\$ 1.27	\$ 1.73

For the Quarter, transportation expense totaled \$0.4 million or \$1.29 per boe (\$0.3 million or \$1.27 per boe – Previous Quarter; \$0.3 million or \$1.73 per boe – Q1 2009). As Seaview's production is weighted approximately 85% 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)	Q1 2010	Q4 2009	Q1 2009
G&A expenses	\$ 1,288	\$ 1,317	\$ 869
Capitalized G&A	(573)	(466)	(319)
Overhead recoveries	(117)	(169)	(114)
Net G&A expenses	598	682	436
\$/boe	\$ 2.05	\$ 2.72	\$ 2.47

During the Quarter, G&A, net of overhead recoveries on operated properties and capitalized expenditures, totaled \$0.6 million (\$0.7 million – Previous Quarter; \$0.4 million – Q1 2009). On a unit-of-production basis, G&A expenses were \$2.05 per boe, (\$2.72 per boe – Previous Quarter; \$2.47 per boe – 2008). The G&A per boe for the Previous Quarter was higher 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 the Quarter as compared to Q1 2009 is attributable to the substantial increase in production associated with new wells added plus acquisitions which closed during 2009, although the Q1 2010 G&A per boe amount of \$2.05 is higher than expected due to the accrual of a discretionary 2009 bonus approved by the Board of Directors subsequent to the quarter end.

Interest expense

(\$000's)	Q1 2010	Q4 2009	Q1 2009
Interest expense	\$ 334	\$ 252	\$ 201
\$/boe	\$ 1.15	\$ 1.01	\$ 1.14

Interest expense, representing interest paid on drawn amounts of the secured credit facility, standby fees and banking fees, during the Quarter was \$0.3 million or \$1.15 per boe (\$0.3 million or \$1.01 per boe – Previous Quarter; \$0.2 million or \$1.14 per boe – Q1 2009). The average balance drawn during the Quarter was \$37.1 million (\$36.2 million – Previous Quarter; \$21.1

million – Q1 2009), with an average of 3.4% per annum paid during the Quarter and during the year (3.2% per annum – Previous Quarter; 3.1% per annum – Q1 2009).

The Company 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 three months ended March 31, 2010, realized losses on these agreements of \$19,928 were recorded as interest expense (March 31, 2009 – \$1,328). As at March 31, 2010, an unrealized loss of \$4,349 was recorded as a liability representing the fair value of the contract remaining at period end (March 31, 2009 – loss of \$83,903).

Stock option compensation

The Company has a stock option plan, which is fully described in Note 7 of the unaudited interim consolidated financial statements. At March 31, 2010, 5,453,499 options were outstanding with an average exercise price of \$1.50 and a weighted average remaining contractual life of 3.6 years (5,474,250 options outstanding at December 31, 2009 at an average exercise price of \$1.50 with a weighted average remaining contractual life of 3.9 years). Of the total number of options outstanding at March 31, 2010, options totaling 1,714,786 are vested and available for exercise at a weighted average exercise price of \$1.37 per option.

For the Quarter, the Company recorded a compensation expense of \$295,513 (\$1,051,673 – Previous Quarter; \$293,608 – Q1 2009) and capitalized \$322,053 (including tax effect of \$83,734), (\$1,189,181 (including tax effect of \$309,187) – Previous Quarter; \$394,703 (including tax effect of \$100,649) – Q1 2009).

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

The Quarter provision for DD&A totaled \$6.3 million (\$5.4 million – Previous Quarter; \$4.9 million – Q1 2009). On a unit-of-production basis, DD&A costs averaged \$21.66 per boe for Q1 2010 (\$21.63 per boe – Previous Quarter; \$27.42 per boe – Q1 2009). Growth in the depletable base and production has been consistent quarter over quarter and therefore the depletion rate on a per boe basis has remained consistent.

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 10 of the unaudited interim consolidated financial statements) is recorded at each period end. The fair value may change substantially from period to period based on the period ending commodity prices 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 March 31, 2010 of commodity contracts was an unrealized gain, net of unrealized losses, of \$1.1 million (December 31, 2009 – unrealized loss of \$1.6 million). During the Quarter, the Company recorded an unrealized gain of \$2.7 million as a result of the change in fair value over the respective periods (\$2.0 million loss – Previous Quarter; \$0.5 million gain – Q1 2009). During the quarter, forward strip prices have decreased from the year end prices resulting in unrealized gains at March 31, 2010.

As at March 31, 2010, an unrealized loss of \$4,349 was recorded as a liability representing the fair value of the interest rate swap agreement which was outstanding at period end.

Future income taxes

A future income tax expense of \$248,861 has been recorded for the Quarter (a recovery of \$1,104,946 – Previous Quarter; a recovery of \$712,904 – Q1 2009). As the Company has recorded income before taxes, an expense for 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.

The effective tax rate decreased on January 1, 2010 due to the reduction in the federal corporate tax rate from 19% to 18%. Accordingly, a rate reduction has been adjusted through the future income tax expense.

Net income (loss) and funds flow from operations

Net income for the Quarter was \$0.3 million (\$2.4 million net loss – Previous Quarter; \$1.1 million net loss – Q1 2009). Basic net income per share for the Quarter was \$0.01 and diluted net income per share was nil (basic and diluted net loss per share of \$0.04 – Previous Quarter; basic and diluted net loss per share of \$0.02 – Q1 2009). Funds flow from operations was \$4.5 million for the Quarter (\$5.0 million – Previous Quarter; \$2.9 million – Q1 2009). Basic funds flow from operations per share for the Quarter was \$0.07 and diluted funds flow from operations per share was \$0.06 (basic and diluted funds flow from operations per share was \$0.08 – Previous Quarter; basic and diluted funds flow from operations per share was \$0.06 – Q1 2009).

Netbacks, Funds Flow from Operations and Net Income (Loss) (\$/boe)	Q1 2010	Q4 2009	Q1 2009
Petroleum and natural gas sales	\$ 36.98	\$ 41.33	\$ 39.58
Less:			
Royalties	5.92	4.52	7.60
Operating expenses	11.10	11.80	10.19
Transportation expense	1.29	1.27	1.73
Net operating income (operating netback)	\$ 18.67	\$ 23.74	\$ 20.06
General and administrative	2.05	2.72	2.47
Interest expense	1.15	1.01	1.14
Funds flow from operations	\$ 15.47	\$ 20.01	\$ 16.45
Depletion, depreciation and accretion	21.66	21.63	27.43
Unrealized (gain) loss on financial derivatives	(9.21)	8.01	(2.61)
Stock option compensation	1.01	4.19	1.66
Future income tax (recovery) expense	0.25	(4.40)	(4.03)
Net income (loss) (\$/boe)	\$ 1.76	\$ (9.42)	\$ (6.00)

SELECTED QUARTERLY INFORMATION

Financial

(\$000's except per share amounts)	Q2 2008	Q3 2008	Q4 2008	Q1 2009	Q2 2009	Q3 2009	Q4 2009	Q1 2010
Petroleum and natural gas sales	\$ 5,151	\$ 8,491	\$ 8,226	\$ 7,000	\$ 7,463	\$ 8,664	\$ 10,377	\$ 10,773
Funds flow from operations ⁽¹⁾	2,627	4,319	3,556	2,910	3,076	4,110	5,024	4,508
Basic per share	0.09	0.09	0.07	0.06	0.06	0.06	0.08	0.07
Diluted per share ⁽²⁾	0.09	0.09	0.06	0.06	0.06	0.06	0.08	0.06
Net income (loss)	(600)	2,874	375	(1,061)	(3,273)	(2,907)	(2,366)	335
Basic per share ⁽²⁾	(0.02)	0.06	0.01	(0.02)	(0.06)	(0.04)	(0.04)	0.01
Diluted per share ⁽²⁾	(0.02)	0.06	0.01	(0.02)	(0.06)	(0.04)	(0.04)	0.00
Capital expenditures ⁽³⁾	7,932	13,597	6,669	5,914	27,969	3,931	9,208	8,084
Corporate acquisitions ⁽⁴⁾	23,998	36,929	-	-	-	-	-	-
Net debt	12,857	24,383	22,494	25,507	36,107	36,131	40,309	43,896

Shares outstanding at period end (000's)

Class A	38,214	47,005	50,005	50,005	54,172	65,419	65,433	65,454
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)	4,446	6,602	8,330	9,464	9,976	12,486	13,703	16,544
Light oil and NGLs (bbl/d)	95	322	406	388	403	432	445	480

Total production (boe/d)	836	1,422	1,794	1,965	2,066	2,513	2,729	3,237
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Natural gas (per mcf)	\$ 10.44	\$ 8.18	\$ 7.68	\$ 6.34	\$ 5.79	\$ 5.43	\$ 6.06	\$ 5.12
Light oil and NGL (per bbl)	106.96	119.10	62.82	45.80	60.20	61.03	66.92	72.92

Netback per boe

Sales price (net of risk management gains or losses)	\$ 67.70	\$ 64.92	\$ 49.84	\$ 39.58	\$ 39.70	\$ 37.47	\$ 41.33	\$ 36.98
Royalties	13.79	16.85	8.77	7.60	4.57	3.50	4.52	5.92
Operating expenses	10.93	7.78	11.34	10.19	12.86	11.34	11.80	11.10
Transportation	0.98	1.32	1.14	1.73	1.49	1.35	1.27	1.29

Operating netback	\$ 42.00	\$ 38.97	\$ 28.59	\$ 20.06	\$ 20.78	\$ 21.28	\$ 23.74	\$ 18.67
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(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 terms are 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 terms are used to evaluate performance and in capital allocation decisions.

(2) Weighted average diluted shares outstanding for Q3 and Q4 2008 and Q1 2010 include the impact of the conversion of the Class B shares. The granted options have been excluded for Q3 and Q4 2008 as these would have been anti-dilutive however for Q1 2010, the granted options have been included as dilutive. All other quarters exclude both the conversion of the Class B shares and the effect of 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

	Three months ended March 31	
	2010	2009
Weighted average shares outstanding		
Basic	66,491,564	51,058,722
Diluted	77,681,232	51,058,722
Outstanding securities at period end		
Class A shares	65,453,933	50,005,182
Class B shares	1,053,540	1,053,540
Options, Class A shares	5,453,499	4,700,000
Outstanding securities at May 19, 2010		
Class A shares	65,453,933	
Class B shares	1,053,540	
Options, Class A shares	5,453,499	

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 granted have both been included in the diluted share calculation for the three months ended March 31, 2010 as they are dilutive. For the three months ended March 31, 2009, both the conversion of the Class B shares and the effect of options have been excluded from the calculation as they would have been anti-dilutive.

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

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 terminated on February 15, 2010. No shares were purchased under this Normal Course Issuer Bid.

CAPITAL EXPENDITURES

For the Quarter, capital expenditures totaled \$8.5 million (\$10.4 million – Previous Quarter; \$6.3 million – Q1 2009). The table below summarizes the capital expenditures during the Quarter as well as the Previous Quarter and Q1 2009.

(\$000's)	Q1 2010		Q4 2009		Q1 2009
Land purchases	\$	10	\$	(46)	\$ 103
Geological and geophysical		512		1,594	(119)
Drilling and Completions (gross)		7,790		3,340	5,944
Alberta Drilling Credits		(1,559)		(131)	-
Tangible equipment		1,661		1,784	339
Development Capital	\$	8,414	\$	6,541	\$ 6,267
Asset retirement obligations		73		(2)	23
Office furniture & fixtures		13		20	41
Total capital expenditures	\$	8,500	\$	6,559	\$ 6,331
Property Acquisitions		-		3,838	-
Total capital expenditures and acquisitions	\$	8,500	\$	10,397	\$ 6,331

During the three months ended March 31, 2010, the Company drilled five wells (4.0 net) with an 80% success rate, and earned \$1.6 million in Alberta Drilling Credits from the Alberta Government for wells drilled during the quarter. For the year ended December 31, 2009, the Company had earned \$1.9 million in credits for total credits earned to March 31, 2010 of \$3.5 million. As of March 31, 2010, the Company had collected a total of \$0.9 million of these credits with a remaining \$2.6 million collectible.

CAPITALIZATION AND CAPITAL RESOURCES

The Company's total capitalization was \$109.0 million at March 31, 2010 with the market value of Class A and Class B shares representing 60% of the total capitalization (\$117.7 million at December 31, 2009 with the market value of Class A and Class B shares representing 66%). The market value of the Company's shares at March 31, 2010 was \$65.1 million (\$77.4 million – December 31, 2009).

Capitalization	March 31, 2010	December 31, 2009
Bank debt (\$000's)	\$ 36,000	\$ 38,044
Working capital deficiency (\$000's) ⁽¹⁾	7,896	2,265
Net debt (\$000's)	43,896	40,309
Class A shares outstanding	65,453,933	65,433,182
Class A share price ⁽²⁾	\$ 0.89	\$ 1.10
Class A market capitalization (\$000's)	\$ 58,254	\$ 71,976
Class B shares outstanding	1,053,540	1,053,540
Class B share price ⁽²⁾	\$ 6.51	\$ 5.11
Class B market capitalization (\$000's)	\$ 6,859	\$ 5,384
Total market capitalization (\$000's)	\$ 65,113	\$ 77,360
Total capitalization (\$000's)	\$ 109,009	\$ 117,669
Net debt as a percent of total capitalization	40%	34%
Funds flow from operations (\$000's) ⁽³⁾	\$ 18,032	\$ 15,120
Net debt to funds flow from operations ratio	2.43	2.67

(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. Funds flow from operations at March 31, 2010 is the Quarter funds flow of \$4.5 million annualized.

Bank facility

As at March 31, 2010, 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 March 31, 2010, the revolving demand credit facility was drawn to \$36.0 million. The Company also had an issued letter of credit in the amount of approximately \$0.1 million.

Subsequent to quarter end, the revolving demand credit facility was confirmed by the lender at \$52 million with the next interim review scheduled for August 1, 2010. These reviews are based primarily on reserves and using commodity prices estimated by the lender, 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)	Three months ended March 31	
	2010	2009
Funds flow from operations	\$ 4,508	\$ 2,910
Changes in non-cash working capital	5,631	(1,799)
Expenditures on abandonments	(21)	-
Proceeds from issuance of shares (net of costs)	10	(9)
Proceeds from bank debt	(2,044)	4,812
Change in cash during the period	-	-
Capital expenditures funded by cash during the period	\$ 8,084	\$ 5,914

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 and financial contracts) increased to a deficit of \$43.9 million as at March 31, 2010 from a deficit of \$40.3 million as at December 31, 2009 as a result of the capital program during the quarter.

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 March 31, 2010, 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 March 31, 2010. The total future obligation from these operating leases is described below in the section "Contractual obligations and commitments".

CONTRACTUAL OBLIGATIONS AND 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. As at March 31, 2010, these funds had been fully expended on qualifying expenditures. The flow through shares were renounced to subscribers in March 2010.

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	2010	2011	2012
Operating leases	\$ 766	216	287	263
Financial instrument premiums	\$ 3,220	1,650	1,570	-
Total contractual obligations	\$ 3,986	1,866	1,857	263

OUTLOOK; UPWARD REVISION TO 2010 GUIDANCE

Including the impact of the recent Wapiti oil success and expanded capital budget, Seaview is well positioned to continue its growth strategy for 2010. Seaview's Peace River Arch core area featuring high quality, long-life reserves, combined with the emerging Cardium light oil resource play, provide the Company with a significant drilling inventory.

As a result of the recent corporate success, Seaview provides the following upwardly revised guidance for 2010:

- Forecast 2010 average daily production estimate of more than 3,100 boe per day compared to 2009 annual average production of 2,321 boe per day resulting in an estimated forecast production growth of 34% per share (based on 65.48 million Class A shares outstanding);
- Upward revision to 2010 estimated exit production to more than 3,450 boe per day including over 450 bbl per day of crude oil and natural gas liquids;
- Upward revision to forecasted 2010 capital budget to \$22.2 million;
- Seaview has a \$52 million line of credit, with current estimated net debt of approximately \$10 million;
- Seaview has more than \$42 million of available credit facilities to capitalize the Company's development and exploration programs and pursue strategic acquisition opportunities;
- Seaview's Peace River Arch core area features a solid production capacity of more than 3,200 boe per day currently, Company owned infrastructure and a prospective land base consisting of 141,236 gross acres (59,319 net) of land, including over 26,000 net acres of undeveloped land;
- Seaview has established significant positions in resource plays providing for longer-term growth potential in a diverse portfolio of assets targeting both light oil and natural gas plays, including:
 - In Wapiti, the Company has assembled a sizable land position with exposure to 18.5 sections of land (9.9 net) targeting a Cardium light oil resource play. Seaview plans to increase capital spending by \$10 million over the balance of 2010 to drill a total of 4 horizontal multi-frac wells (2.5 net) to delineate the resource potential of the Company's land position;
 - In Pouce Coupe, the Company holds interests in 20 sections of land (3.5 net) targeting a Doig-Montney natural gas resource play. Seaview's land position is on trend with successful industry development activities further reducing the risk of full development when economics are more viable; and
 - In Harlech, Seaview holds a 25% working interest in 9 contiguous sections of land (2.25 net) targeting multi-zone Cretaceous and Nordegg gas resource potential. The Harlech area offers exposure to liquids rich natural gas reservoirs.
- Strong commodity hedging program providing for downside protection on 46% of 2010 forecasted average production generating a minimum of \$14.1 million gross revenue for the remainder of 2010; and
- 65.48 million Class A shares and 1.0 million Class B shares outstanding.

CRITICAL ACCOUNTING ESTIMATES

The reader is advised that the critical accounting estimates, policies and practices as described in the MD&A at December 31, 2009 continue to be critical in determining Seaview's financial results as at March 31, 2010.

CHANGES IN ACCOUNTING POLICIES AND RECENT ACCOUNTING PRONOUNCEMENTS

Pending Accounting Pronouncements

International Financial Reporting Standards ("IFRS")

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

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 an impairment 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.

The Company has established a project team that is led by finance management and includes representatives from various areas of the organization to plan for and achieve a smooth transition to IFRS. The audit committee of the Board of Directors regularly receives progress reporting on the status of the IFRS implementation project.

The implementation project consists of three primary phases: the scoping and diagnostic phase (high-level impact assessment to identify key areas); the impact analysis, evaluation and design phase (project team develops policy alternatives, drafts financial statement content and determines changes to existing accounting policies, information systems and business processes); and the implementation and review phase (implement and approve changes to accounting policies, information systems, business processes, training programs, develop IFRS-compliant financial statements and obtain audit committee approval). The Company completed the scoping and diagnostic phase in the fourth quarter of 2009 and is now in either the impact analysis, evaluation and design phase or the implementation and review phase, depending on the area of IFRS. At this point, the Company has determined that it will have three cash generating units, that the net book value of the property, plant and equipment will not be significantly different as the Company intends to adopt the IFRS 1 election and that asset retirement obligations and stock based compensation expenses will likely increase due to different discount rates and accelerated expense recognition.

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

The reader is advised that the risk assessment for the Company is fully described in the MD&A at December 31, 2009 and is relevant to the readers' understanding of the Company's financial results as at March 31, 2010.

ADDITIONAL INFORMATION

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

COMMONLY USED ABBREVIATIONS

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

CORPORATE INFORMATION

OFFICERS AND SENIOR MANAGEMENT

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

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

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

Davin Chandler, P.Eng
Vice President, Engineering

Timothy L. Campbell
Vice President, Land

DIRECTORS

Daryl Gilbert, P.Eng, Calgary, Alberta
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

BANKERS

National Bank of Canada

PETROLEUM CONSULTANTS

Sproule Associates Limited
Calgary, Alberta

LEGAL COUNSEL

McCarthy Tétrault LLP
Calgary, Alberta

AUDITORS

KPMG LLP
Calgary, Alberta

REGISTRAR AND TRANSFER AGENT

Olympia Trust Company
Calgary, Alberta

STOCK EXCHANGE LISTING

TSX - Venture: CVU.A & CVU.B

INVESTOR RELATIONS

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SEAVIEW ENERGY INC

The logo for Seaview Energy Inc features the company name in a bold, black, sans-serif font. The word "SEAVIEW" is on the top line and "ENERGY INC" is on the bottom line. A thin blue horizontal bar is positioned below the text, with a gold-colored triangular shape on the right side that tapers to a point on the left, creating a stylized wave or horizon effect.

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