Management's Discussion and Analysis of Financial Condition and Operations

Basis of Presentation

Phoenix Canada Oil Company Limited (ñCompanyò) has prepared the following managementôs discussion and analysis (ñMD&Aò) of the financial condition and results of operations of the Company. This MD&A constitutes managementôs review of the factors that affected the Companyôs unaudited interim condensed consolidated financial and operating performance for the nine months ended Sept. 30, 2015. The MD&A was prepared as of November 27, 2015 and was approved by the Board of Directors on November 27, 2015. It should be read in conjunction with our unaudited condensed interim consolidated financial statements for the nine months ended Sept. 30, 2015 and the audited consolidated financial statements for the year ended, December 31, 2014, including the notes thereto.

Unless otherwise stated, all amounts presented or discussed herein are denominated in Canadian dollars.

Copies of all relevant financial documents and interim Company filings to date may also be referenced on the regulatory filings website -- **www.SEDAR.com.** Interested readers are also suggested to refer to the corporate website -- **www.phoenix-pco.com.**

The Company

On August 10, 2015 the Company announced the sudden passing of Mr. Donald S. Moore, its President, CEO, and Chairman. Trading of the Companyôs stock was temporarily halted pending this announcement. The Board met on August 13, 2015 and Dr. Charlotte Moore Hepburn was appointed to the Board to fill the vacancy created and to serve until the next general meeting of the Companyôs shareholders. Dr. Moore Hepburn was also retained by the Company and will be fulfilling the duties typically associated with the role of President and CEO until such time that the Company appoints a permanent replacement.

As at the date of this document, the management of the Company is comprised of the following individuals:

Charles Burns [1, 2]	Director
Alex Mills [1, 2]	Director
Charlotte Moore Hepburn, MD., FRCPC., FAAP [1, 3]	Director
Michael D. Kindy, CPA, CA [4]	CFO

(1) Denotes a member of the audit committee

(2) Denotes an independent director

(3) Appointed as Director August 13, 2015 and as a member of the Audit Committee immediately thereafter.

(4) Appointed as Chief Financial Officer April 21, 2015

Phoenix Canada Oil Company Limited

Corporate performance

Operationally, the first nine months of the Companyøs 2015 fiscal year were relatively uneventful. It has continued to collect minor royalties from its oil and gas interests, manage its investments, and to assess and determine next steps for its Synfuel Technology and Hydrogen Generation Project.

The Company maintains non-operated, minority (averaging less than 10%) working and royalty interests in mature Western Canada gas production which are generally nearing the end of their economic life. Although the Company is not in possession of any projections it is anticipated that the relatively nominal royalties will continue for the foreseeable future.

The Company holds numerous short-term investments and two long-term investments. Increases or decreases in the market values of these investments during the time the Company holds them are recognized through other comprehensive (loss) income. The markets did not perform well in the recent quarter and the aggregate carrying value of these investments declined by $801,160. Management considers the market fluctuations to be reflective of typical short-term volatility and does not perceive any of its investments to be impaired in any manner. The Company regularly evaluates the value prospects and income producing capabilities of its investments and will acquire additional investments or divest itself when it is deemed prudent to do so. There were no acquisitions of investments during the first nine months of 2015 and no sales during the most recent quarter however sales earlier in the fiscal year resulted in the realization of a gain of $82,246.

The Hydrogen Project, a proprietary technology covering the light-powered generation of low cost Hydrogen gas from an ordinary water feedstock, was being developed under a contract with a Canadian university that specializes in research and development projects. During the latter part of the contract period a key individual left the university and replacement personnel suitable to the Company was not put in place by the university prior to the end of the contract term in May 2014. The Company has withheld payment of $100,625 based on its determination that the terms of the contract were not fulfilled. Discussions regarding the settlement of the contract dispute have not yet reached a conclusive end. Management is considering research venues suitable to advance this technology as well as the projected costs, benefits and timelines.

Phoenix holds exclusive commercial rights to its proprietary ñSynfuelò technology, having filed for provisional U.S. and international patents covering the innovative compounding of Hydrogen with captured carbon emissions, from many sources, to produce the full range of conventional liquid transportation fuels now in commercial use. Volatility persists with respect to the market price for oil and world inventories remain high. These market conditions are far from optimal for maintaining demand for alternative fuels and for projecting their commercial feasibility. The Company continues to support Synfuel research at University of Ottawa while it also evaluates the progress and prospects of its patent applications and monitors complimentary research.

The Company continues to be in a strong cash and liquidity position, to derive income from short term investments, and to hold long-term investments with significant opportunity for growth while it is evaluating its scientific prospects.

Phoenix Canada Oil Company Limited

Selected financial data

The following selected financial information may provide additional insights relative to the Companyøs operating performance and financial position:

	For the fiscal years ended:		
	Dec. 14	Dec. 13	Dec. 12
Oil and gas revenues	38,972	48,637	1,472
Net (loss) from operations	(356,243)	(1,821,068)	(427,564)
Per share	(0.07)	(0.38)	(0.09)
Net income (loss) for the year	47,106	(1,549,622)	76,280
Per share	0.01	(0.32)	0.02
Total assets	9,688,099	8,999,976	9,544,090
Total long-term financial liabilities	-	-	-
Total liabilities	443,765	349,591	292,597

	For the fiscal quarters ended:			
	Sept. 15	June 15	Mar. 15	Dec. 14
Oil and gas revenues	543	2,798	1,879	29,153
Net (loss) from operations	(54,094)	(103,663)	(47,712)	(57,609)
Per share	(0.01)	(0.02)	(0.01)	(0.01)
Net income for the period	31,145	57,202	39,848	98,581
Per share	0.01	0.01	0.01	0.02

	For the fiscal quarters ended:			
	Sept. 14	June 14	Mar. 14	Dec. 13
Oil and gas revenues	7,784	951	1,084	47,741
Net (loss) from operations	(61,023)	(124,679)	(112,932)	(1,547,403)
Per share	(0.02)	(0.03)	(0.02)	(0.32)
Net income (loss) for the period	43,463	(32,984)	(61,954)	(1,502,167)
Per share	0.01	(0.01)	(0.01)	(0.31)

The Company did not declare, or pay, any cash dividends during any of the periods noted above.

Results of operations

Revenues and expenditures arising from the Companyøs interest in oil and gas properties were as follows:

	Nine months ended		Three months ended	
	Sept. 15	Sept. 14	Sept. 15	Sept. 14
Oil and gas revenues	$ 5,220	$ 9,819	$ 543	$ 7,784
Oil and gas expenses	(14,820)	(11,587)	(10,479)	(2,397)
Gross (loss) profit	$ (9,600)	$ (1,768)	$ (9,936)	$ 5,387

Revenues derived from and expenditures related to the Companyøs oil and gas interests are not consistent from period to period. The oil and gas interests consist primarily of mature wells with limited production and the Company is not the operator of any of the wells in which it holds interests.

Due to the age and inconsistency of these assets the revenues and gross profits derived in one period should not be construed as predictive of future periods.

Phoenix Canada Oil Company Limited

Results of operations - continued

Operating expenses incurred were as follows:

	Nine months ended		Three months ended	
	Sept. 15	Sept. 14	Sept. 15	Sept. 14
Administrative expenses	$ 178,766	$ 241,842	$ 38,198	$ 74,102
Foreign exchange (gain) loss	(27,296)	(14,350)	(171)	(13,568)
Project development costs	37,807	47,752	6,000	-
Share based payments	3,979	19,466	-	5,337
Depreciation	2,672	1,616	131	539
Total expenses	$ 195,928	$ 296,326	$ 44,158	$ 66,410

Additional details with respect to Administrative expenses are provided below.

The foreign exchange gain realized during each period represents the increase in the Canadian dollar value of US cash that the Company held. The Company receives incidental investment income and incurs only nominal expenses in US dollars. The majority of the US cash was converted into Canadian dollars prior to the current quarter.

The Company is currently meeting with the developers, examining the status of its projects and determining the timing and nature of future development efforts and has committed to the next stage of research at University of Ottawa relative to its Synfuel technology. This is not a major financial undertaking but is believed to be a significant process for guiding decisions relative to the potential for a pilot plant. Work will commence once all appropriate governmental approvals are received.

Share based payments relate to 50,000 stock options granted to one of the Companyôs directors in May 2013 and which vested as to 50% in May 2014 and 50% in May 2015. These options give the director the right to acquire up to 50,000 common shares of the Company, until May 21, 2018, at $2.00 per share. The Company utilized the Black-Scholes model to determine the value of the options to be $43,625 and this value was then accreted to income over the vesting periods. All options had vested prior to the start of the most recent quarter and accordingly there was no associated cost during the period.

Administrative expenses incurred were as follows:

	Nine months ended		Three months ended	
	Sept. 15	Sept. 14	Sept. 15	Sept. 14
Management and corporate services	$ 85,919	$ 89,102	$ 18,076	$ 30,582
Professional fees	33,909	39,406	12,661	7,621
Occupancy costs	21,243	37,504	-	12,746
Shareholder services	20,291	21,673	2,977	4,554
Office and general	12,316	7,899	3,124	3,113
Research and development	2,915	40,478	-	14,690
Travel	1,588	4,241	775	796
Insurance	585	1,539	585	-
Total administrative expenses	$ 178,766	$ 178,766	$ 38,198	$ 74,102

Results of operations - continued

At the end of May 2015 the Company relocated its administrative office to a new location for which it incurs no rental expense. The move resulted in the incurrence of incidental relocation expenses, the purging of redundant equipment, and the permanent layoff of the former CEOôs administrative assistant. The impact of these changes can be seen through the current period reduction in management and corporate services and occupancy costs as well as the increase in year to date office and general expenses.

Professional fees represent the current fees and pro-rated fees expected to be charged by the Companyôs auditors when they complete their financial statement audit following the end of the fiscal year. The 2014 expense includes additional fees incurred in relation to an appeal the Company launched with Canada Revenue Agency regarding harmonized sales taxes. The appeal was unsuccessful and the resulting liability was settled during the current period.

Shareholder services encompasses any and all costs associated with dealings with regulators or in relation to the Company`s shareholders and securities, including fees charged by the Company`s transfer agent. They have remained reasonably consistent from period to period although costs are expected to rise in the final quarter as a result of services received in relation to the annual general meeting scheduled for December 16, 2015.

Research and development costs relate primarily to liaising between the Company and parties completing research on the Companyôs scientific projects. These costs have been essentially suspended while the Company completes its evaluation of its scientific projects.

Insurance costs represent the cost of insurance that had been put in place to support the Company`s indemnification of its Directors and officers. The policy was not renewed when it expired during the first quarter of 2014 but was recently reinstated.

Liquidity

The Company continues to have a strong liquidity position as it holds cash in the amount of $1,049,440 (Dec. 2014 ï $847,289) that is available to settle current liabilities in the amount of $266,258 (Dec. 2014 - $443,765).

The only liability the Company has that could potentially be construed as past due is the $100,625 amount being disputed with the Canadian university that had been contracted in relation to the Hydrogen Project. The liability was recorded by the Company in accordance with basic accounting principles however it contends that this amount is not payable on the basis that the university did not satisfy the terms of the contract. The Company recently agreed to submit a settlement proposal on or before January 22, 2016 and if that does not result in settlement then arbitration is probable.

The Company`s primary source of cash is its short-term investment in marketable securities. Cash is derived through periodic receipt of dividends, interest, and return of capital along with liquidation proceeds whenever liquidation is considered prudent. In 2015 the Company realized $324,872 in liquidation proceeds which resulted in recognition of a gain in the amount of $82,246. In 2014 the resulting cash flow funded further investment in short term securities however no similar investments have been made in 2015. Cash flow from these sources is expected to meet or exceed the Company`s requirements for the foreseeable future.

Capital resources and off-balance sheet arrangements

The Company has no long-term obligations or any outstanding commitments as at the date of this document.

The Company has made no commitments for capital expenditures, leases, or contractual commitments in relation to its scientific endeavors except that it has given its verbal commitment to proceed with certain work in relation to its Synfuel technology. The Company believes it is well positioned, as a result of its short term and long term investments, to fund expenditures of this nature, if any, that may arise in the foreseeable future.

Transactions with related parties

The Company has incurred the following transactions with related parties:

	Nine months ended		Three months ended	
	Sept. 15	Sept. 14	Sept. 15	Sept. 14
Services rendered by the CEO	$ 30,000	$ 37,500	$ 5,000	$ 12,500
Services rendered by the interim CEO	7,076	-	7,076	-
Services rendered by the CFO	10,500	-	6,000	-
Total cash-based payments	$ 47,576	$ 37,500	$ 18,076	$ 12,500
Share based payments	$ 3,979	$ 14,129	$ -	$ 5,777
Gain on sale of equipment	$ 3,291	$ -	$ 3,291	$ -

At September 30, 2015, $26,206 was payable to the related parties noted above and is included in accounts payable and accrued liabilities (December 31, 2014 - $148,043). The amount due is unsecured, non-interest bearing, and is due on demand.

The Company has a loan payable of $91,765 (Dec. 2014 - $91,765) to a corporation controlled by the spouse of a former director and officer of the Company. The loan, which was repaid subsequent to September 30, 2015, is unsecured, non-interest bearing, and is due on demand.

In May 2013 the Company granted 50,000 stock options to one of its directors with each option entitling the director to acquire a common share of the Company for $2.00 until May 21, 2018. The options vested over a two year period and had all vested as of May 2015.

Financial instruments

The Companyôs financial instruments consist of the following:

Financial Assets	Classification
Cash and cash equivalents	Loans and receivables
Short-term investments	Available-for-sale
Other receivables	Loans and receivables
Long-term investments	Available-for-sale

Financial Liabilities	Classification
Accounts payable and accrued liabilities	Other financial liabilities
Loan payable to related party	Other financial liabilities

Financial instruments - continued

Loans and receivables - These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are carried at amortized cost, less any provision for impairment. Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default.

Available-for-sale - Non-derivative financial assets not included in the above category are classified as available-for-sale. They are carried at fair value with changes in fair value recognized in other comprehensive income. Where a decline in the fair value of an available-for-sale financial asset constitutes objective evidence of an impairment that is other than temporary, the amount of the loss is removed from accumulated other comprehensive income and recognized in net income or loss.

Other financial liabilities - These instruments are recognized initially at fair value net of any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortized cost using the effective interest method. Other financial liabilities are de-recognized when the obligations are discharged, cancelled or expired.

The effective interest method - The effective interest method is a method of calculating the amortized cost of a financial asset or liability and of allocating interest and any transaction costs over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial asset or liability to the net carrying amount on initial recognition.

Changes in accounting policy

The Companyôs accounting policies will change only when there is a change in IFRS. There have been no changes in IFRS during the current fiscal year that were required to be adopted by the Company. The following change in IFRS will take effect in future periods:

IFRS 9 - Financial Instruments
Effective for annual periods beginning on or after January 1, 2018, with early adoption permitted, establishes principles for the financial reporting of financial assets and financial liabilities that will present relevant and useful information to users of the financial statements for their assessment of the amounts, timing and uncertainty of future cash flows. Management anticipates adoption in the fiscal year beginning January 1, 2018 and has not yet determined the impact of its adoption.

Convertible instruments and other securities

The Company has the following securities issued:

	Quantity	Amount
Common shares at December 31, 2013	4,814,594	$ 4,299,394
Shares repurchased under normal issuer bid	(68,300)	(60,999)
Common shares at Sept. 30, 2014 and Dec. 31, 2014	4,746,294	4,238,395
Shares repurchased under normal issuer bid	(43,300)	(38,666)
Common shares at Sept. 30, 2015	4,702,994	4,199,729
Shares repurchased under normal issuer bid	(16,300)	(14,556)
Common shares as at the date of this document	4,686,694	$ 4,185,173

Convertible instruments and other securities - continued

In addition to the shares noted above the Company has reserved 50,000 shares for employee stock options. The options were issued May 2013 and have fully vested. Each option entitles the holder to acquire one common share, at a price of $2.00, until May 21, 2018.

Financial Risk Factors

The Company is exposed in varying degrees to the following financial instrument related risks:

Credit Risk
Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Companyôs primary exposure to credit risk is in its cash. This risk is managed through the use of a major bank which is a high credit quality financial institution as determined by rating agencies.

Liquidity Risk
Liquidity risk arises through the excess of financial obligations over available financial assets due at any point in time. The Companyôs objective in managing liquidity risk is to maintain sufficient readily available capital in order to meet its liquidity requirements. As at September 30, 2015, the Company had a cash balance of $1,049,440 available to settle current financial liabilities of $266,258.

Market Risk
The significant market risks to which the Company is exposed are interest rate risk, price risk, and currency risk. The Companyôs exposure to interest rate risk relates to its ability to earn interest income on cash balances at variable rates. The fair value of the Companyôs cash is relatively unaffected by changes in short-term interest rates. The Company's exposure to price risk relates to its ability to convert its short-term and long-term investments as the Company trades investments within Canadian and US stock markets. The Companyôs exposure to currency risk relates to a short term investment that is denominated in US dollars and the potential impact because of changes in foreign exchange rates.

Sensitivity to Market Risk
A 15% increase or decrease in the fair values of the Company's short-term and long-term investments could result in an increase or decrease of approximately $1,115,000 in comprehensive income (loss).

A 15% increase or decrease in the Canadian dollar relative to the US dollar could result in an increase or decrease of approximately $6,250 in comprehensive income (loss).

Based upon observations of recent market trends management believes that each of these outcomes is reasonably possible within one year.

Regulatory, Environmental and Other Risk Factors

The Company is currently not directly engaged in foreign or field exploration and development operations which may make it subject to various laws and regulations, including, without limitation, to health and safety matters, or to political risks which are outside the Company's control. When the Company becomes directly or indirectly involved in such field operations, it will commit to programs of environmental protection on its operating sites in accordance with the governing national and international standards. The Company holds minority, natural gas production or other equity interests, which are operated by the management and senior employees of other companies who the Company considers to be professional, competent and with business incentives to fully comply with all relevant regulatory and environmental regulations.

Significant accounting estimates and judgments

The preparation of these unaudited condensed interim consolidated financial statements requires management to make judgments and estimates that affect the reported amounts of assets and liabilities at the financial reporting date and reported amounts of revenues and expenses during the reporting period. Actual outcomes could differ from these judgments and estimates. These unaudited condensed interim consolidated financial statements include judgments and estimates which, by their nature, are uncertain. The impacts of such judgments and estimates are pervasive throughout the unaudited condensed interim consolidated financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and also in future periods when the revision affects both current and future periods.

Significant estimates and judgments include, but are not limited to the recognition and valuation of deferred tax amounts.

Forward-Looking Statements

Certain statements contained or incorporated in this MD&A which deal with the Company's financial condition and operating results, including information analyses and projections as to certain ongoing and future corporate developments which are currently in the research and development stage, and projections on the operating financial performance of the Company, constitute forward-looking statements. Such forward-looking statements, made with special reference to the Company's ongoing hydrogen gas generation project and on merger and acquisition negotiations, involve known and unknown risks and uncertainties that could cause actual events and results to differ materially from those estimated or anticipated and which may have been implied or expressed in such forward-looking statements. No conclusions as to the successful outcome of the ongoing and planned business and research and development projects in which the Company is involved are intended nor implied nor can they be foreseen or predicted prior to definitive corporate announcements as to their successful outcome, or otherwise.

Furthermore, the forward-looking statements contained in this MD&A are made as of the date hereof. The Company does not undertake any obligation to update publicly, or to revise any of the said forward-looking statements, whether as a result of new information, future events, or otherwise. The forward-looking statements contained in this MD&A are expressly qualified by this cautionary statement.