Management’s Discussion and Analysis
For the Three Month Period Ended March 31, 2020

Basis of Presentation

Phoenix Canada Oil Company Limited (ñPhoenixò or 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 three month period ended March 31, 2020. The MD&A was prepared as of May 27, 2020 and was approved by the Board of Directors on May 27, 2020.

This MD&A should be read in conjunction with our unaudited condensed interim consolidated financial statements for the three month period ended March 31, 2020 and the audited consolidated financial statements for the year ended December 31, 2019, 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 filingsô website -- **www.SEDAR.com.**

The Company

The management of the Company, which has not changed since the preceding fiscal year end, is comprised of the following individuals:

Charlotte Moore Hepburn [3] MD., FRCPC., FAAP	Director, Chair, and CEO
Michael Detlefsen [1, 2*, 3, 4]	Director
Greg Nuttall [1, 2, 3*, 4]	Director
Charles Burns [1*, 2, 3, 4]	Director
W. Alex Mills [4]	Director
Michael D. Kindy, CPA, CA	CFO

[1] Denotes a member of the Audit Committee
[2] Denotes a member of the Governance and Compensation Committee
[3] Denotes a member of the Science and Business Development Committee
[4] Denotes an independent Director
[*] Denotes the Chair of the noted Committee.

Corporate performance

The most significant uncertainty affecting Corporate performance at the financial reporting date, and presently, is COVID-19. On January 30, 2020 the World Health Organization (WHO) declared COVID-19 a global health emergency and on March 11, 2020 they declared it a pandemic. These WHO declarations were soon followed by announcements of numerous restrictions by domestic and international governments affecting the way people could interact and how business was conducted. The Company embraced these announcements and required all personnel to work from home. The pandemic persists and we continue to be unable to measure the depth and breadth of its impact. Having said that, the Companyôs primary exposure to the effects of this pandemic is through its short-term investments in Canadian public companies.

Corporate performance - continued

Over the past four years the Company has enhanced its strong liquidity position while reducing its market risk. Between December 31, 2015 and December 31, 2019, market-based investments were reduced from approximately 75% of the Company's total assets to about 28%. As a result of this transition, the Company remains in a very strong liquidity position in spite of COVID-19 having caused a 10% decline in total assets, and a 36% decline in the value of short-term investments, during the recent fiscal quarter. Although these losses are significant, and there is no way to know if or when they may reverse, the Company's strong liquidity position ensures that it remains fully able to conduct its business.

The Company's operational focus has been, and continues to be, on identifying and investigating potential strategic partners. Throughout the period, and subsequent thereto, management has continued discussions with, and investigation into, possible suitors. The emergence of COVID-19 has slowed this process but it has not caused it to stop. At this time, it remains uncertain when current due diligence processes may be completed, or whether they may result in the completion of a transaction.

The emergence of COVID-19 has impacted many facets of life including the way that business is conducted and the risks that businesses face. Phoenix will adapt to this new environment while it continues seeking enhanced shareholder value through the management of its short-term investments and by proceeding with a strategic transaction if, and only if, appropriate terms can be negotiated.

Selected financial data

The Company continues to maintain a strong cash and liquidity position, to derive income from short term investments, and to hold investments with opportunities for growth.

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

	For the fiscal years ended December 31:		
	2019	2018	2017
Oil and gas revenues	402	1,151	1,610
Net loss from operations	(397,182)	(662,592)	(458,700)
Per share - basic	(0.08)	(0.13)	(0.09)
Net income (loss) for the year	274,311	(664,396)	379,625
Per share - basic	0.05	(0.13)	0.08
Total assets	9,217,754	8,948,656	9,398,405
Total long-term financial liabilities	-	-	-
Total liabilities	299,713	304,926	199,452

	For the fiscal quarters ended:			
	Mar. 31 2020	Dec. 31 2019	Sept. 30 2019	June 30 2019
Oil and gas revenues	159	266	-	78
Net loss from operations	(24,711)	(64,560)	(50,843)	(153,013)
Per share - basic	(0.00)	(0.01)	(0.04)	(0.04)
Net income (loss) for the period	(901,624)	6,663	41,873	(69,132)
Per share - basic	(0.18)	0.00	0.01	(0.01)
Total assets	8,278,133	9,217,754	9,159,749	9,099,118
Total long-term financial liabilities	-	-	-	-
Total liabilities	270,716	299,713	248,372	229,613

Selected financial data - continued

	For the fiscal quarters ended:			
	Mar. 31 2019	Dec. 31 2018	Sept. 30 2018	June 30 2018
Oil and gas revenues	58	216	220	289
Net loss from operations	(128,766)	(133,179)	(208,790)	(191,316)
Per share - basic	(0.03)	(0.03)	(0.04)	(0.04)
Net income (loss) for the period	294,907	(313,135)	(138,665)	(102,293)
Per share - basic	0.06	(0.06)	(0.03)	(0.02)
Total assets	9,121,049	8,948,656	9,303,561	9,395,160
Total long-term financial liabilities	-	-	-	-
Total liabilities	182,412	304,926	211,729	211,752

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

Significant Accounting Estimates and Judgements

The preparation of 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. The 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 assessment as to whether provisions for asset retirement obligations are to be recorded or adjusted and the recognition and valuation of deferred tax amounts.

Results of operations

	Three months ended Mar. 31	
	2020	2019
Oil and gas revenues	$ 159	$ 58
Oil and gas expenditures (recovered)	1,038	62
Gross profit (loss)	$ (879)	$ (4)

The oil and gas interests consist primarily of mature wells with limited production. The Company is not the operator of any of the wells in which it holds interests and is reliant upon the operators to report revenues and expenses in a timely and accurate manner and to provide information with respect to possible asset retirement obligations.

During the period the Company complied with a cash call in the amount of $22,442 representing the Companyôs proportionate share of the estimated asset retirement obligation for a well in which the Company has interests. The retirement work is expected to be completed in 2020 and the Companyôs share of amounts incurred relative to this work, net of any recoveries, may differ from these estimates.

Results of operations - continued

Expenses incurred were as follows:

	Three months ended Mar. 31	
	2020	2019
Administrative expenses	$ 70,524	$ 122,284
Foreign exchange loss (gain)	(46,692)	6,478
Total expenses	$ 23,832	$ 128,762

Administrative expenses incurred were as follows:

	Three months ended Mar. 31	
	2020	2019
Insurance	$ 1,512	$ 1,512
Management and corporate services	34,052	62,882
Office and general	625	665
Professional fees	30,294	54,800
Shareholder services	4,009	2,416
Travel	32	-
Total administrative expenses	$ 70,524	$ 122,284

The foreign exchange (gain) loss realized during each period represents the change in the Canadian dollar value of US cash, as a result of fluctuations in the exchange rate, or the variance between the Canadian dollar value on the date an expense is incurred and the date that expense is paid. The Company receives incidental investment income, and incurs nominal expenses, in US dollars. During the current period the Company capitalized on higher than typical exchange rates and converted virtually all of its US cash into Canadian currency to realize a foreign exchange gain of $46,692. Future foreign exchange gains or losses are expected to be negligible.

Management and corporate services is comprised of fees charged by the Companyĝs CEO and CFO as well as fees payable to independent Directors for their attendance at meetings of the Board or its sub-committees. The fees will fluctuate from period to period, dependent upon the extent of services provided.

Shareholder services encompasses all regulatory costs and costs incurred in relation to the Company`s shareholders and securities, including fees charged by the Company`s transfer agent. The Company received comparable services in each of the periods presented. Certain annual fees are paid in the first fiscal quarter each year, and used to be charged directly to net income at the time of payment. In Q1 2019 it was determined to be more representative for these costs to be accreted monthly over the period to which they relate and this change resulted in lower costs in the transitional period.

Professional fees include legal fees, fees charged and expected to be charged by the Companyĝs auditors, and fees charged by parties retained to assist with due diligence. Costs related to audit and recurring legal services were comparable between the two periods presented. Due diligence was conducted in each of these periods presented however activities in the most recent quarter were early-stage, with lower associated costs.

The remaining administrative expenses are of relatively low significance and are well within managementĝs expectations.

Liquidity

The Company continues to have a strong liquidity position as it holds cash in the amount of $6,540,026 (Dec. 31, 2019 ï $6,556,497) that is available to settle current liabilities in the amount of $270,716 (Dec. 31, 2019 - $299,713).

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 sale proceeds whenever disposal may be considered prudent. In the first three months of 2020 the Company realized investment income of $61,717 (March 2019 - $54,850), $Nil (March 2019 - $1,573) in return of capital, and $1,022 (March 2019 - $969,847) in sale proceeds. No new short-term investments were acquired during either of the fiscal quarters ended March 31, 2020 or March 31, 2019.

Capital resources and off-balance sheet arrangements

The Company has no long-term obligations as at the date of this document. Furthermore, the Company has made no commitments for capital expenditures, leases, or contractual commitments in relation to its operations. The Company believes it is well positioned to fund its operations for the foreseeable future.

Transactions with related parties

The Company has incurred the following transactions with related parties:

	Three months ended Mar. 31	
	2020	2019
Services rendered by the CEO	12,500	26,683
Services rendered by the CFO	20,000	30,000
Directorsô fees	1,552	6,199
	$ 34,052	$ 62,882
Share based payments	$ -	$ -

At March 31, 2020, $246,500 (December 31, 2019 - $248,873) was payable to the related parties noted above and is included in accounts payable and accrued liabilities. The amount due is unsecured, non-interest bearing, and is due on demand.

The Company has a Stock Option Plan (the "Plan") that enables its directors, officers, employees, consultants and advisors to acquire common shares of the Company. Under the terms of the Plan, options totaling up to 10% of the common shares outstanding from time to time are issuable. The vesting period and expiration period are fixed at the time of grant at the discretion of the Board of Directors. The value attributed to these options, using the Black Scholes valuation model, is accreted to income over the vesting period for the options and is recognized as share-based payment expense.

In December 2015, the Company granted 345,000 stock options to its directors and a senior officer. These options, which are fully vested, have an exercise price of $1.40 and may be exercised up to December 30, 2022.

Convertible instruments and other securities

There have been no transactions affecting the Companyǿs issued or reserved securities since April 2018.

	Quantity	Amount
Common shares as at the date of this document	5,029,194	$ 4,662,742

In addition to the shares already issued the Company has 345,000 common shares reserved for potential future issuance should stock options, exercisable at $1.40 until December 30, 2022, be exercised.

The Companyǿs fully diluted share position is as follows:

	Quantity
Common shares issued	5,029,194
Common shares reserved	345,000
Fully diluted share position as at the date of this document	5,374,194

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 Companyǿs primary exposure to credit risk is in its cash. This risk is managed through the use of a major commercial bank which is a high credit quality financial institution as determined by rating agencies.

Market Risk

The significant market risks to which the Company is exposed are interest rate risk, price risk, and currency risk. The Companyǿs exposure to interest rate risk relates to its ability to earn interest income on cash balances at variable rates. The fair value of the Companyǿs 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 investments as the Company trades investments within Canadian and US stock markets. The Companyǿs exposure to currency risk relates to US cash held and short-term investments that are denominated in US dollars and the potential impact because of changes in foreign exchange rates.

Sensitivity to Market Risk

A 10% increase or decrease in the fair values of the Company's short-term investments could result in an increase or decrease of approximately $165,000 in net income.

The Company divested itself of its US cash holdings during the reporting period, eliminating its present currency risk.

Based upon observations of recent market trends management believes that this outcome is possible.

Regulatory, Environmental and Other Risk Factors

The Company is currently not directly engaged in foreign operations, 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. The Company holds minority, natural gas production or other equity interests that 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.

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.