



EXECUTIVE COMPENSATION

The information contained below is provided as required under Form 51-102F6 for Venture Issuers (the "Form"), as such term is defined in National Instrument 51-102.

Compensation Discussion and Analysis

This Compensation Discussion and Analysis provides information about the Corporation's executive compensation objectives and processes and discusses compensation decisions relating to its named executive officers ("Named Executive Officers") listed in the Summary Compensation Table that follows. During its fiscal year ended December 31, 2016, the following individuals were Named Executive Officers (as determined by applicable securities legislation) of the Corporation:

- Dr. Charlotte Moore Hepburn, Interim Chief Executive Officer effective August 13, 2015;
- S. Donald Moore, President and Chief Executive Officer until August 6, 2015;
- Michael D. Kindy, CPA, CA, Chief Financial Officer effective April 21, 2015 and Acting Chief Financial Officer until October 27, 2014;
- Charles Burns, Chief Financial Officer from October 27, 2014 until April 15, 2015.

The Corporation does not employ or retain any other individuals who would qualify as a "Named Executive Officer" because no executive officer or employee of the Corporation received total compensation (including without limitation salary and bonus) in excess of \$150,000.

Compensation Objectives and Principles

Phoenix Canada Oil Company Limited has recently completed a strategic review of its assets and operations. The Company is evaluating new opportunities that would generate additional shareholder value through the acquisition of operating assets and continues to hold minority interests in mature gas fields in western Canada.

Since the preservation of cash is an important goal of the Corporation, an important element of the compensation awarded to the Named Executive Officers is the granting of stock options, which do not require cash disbursement by the Corporation. The granting of stock options also helps to align the interests of the Named Executive Officers with the interests of the Corporation. The other element of the compensation the Corporation awards to its Named Executive Officers is consulting fees. The Corporation does not provide its Named Executive Officers with perquisites or personal benefits.

Compensation Processes and Goals

The Corporation's Governance and Compensation Committee was formed December 16, 2015 and is comprised of three Directors of the Corporation, being Michael Detlefsen, Greg Nuttall, and Charles Burns. Michael Detlefsen and Greg Nuttall are independent Directors. Prior to the formation of this committee the entire Board of Directors filled that role. The Governance and Compensation Committee is responsible for the compensation program for the Corporation's Named Executive Officers.

The deliberations of the Governance and Compensation Committee are conducted in a special session from which management is absent. These deliberations are intended to advance the key objectives of the compensation program for the Corporation's Named Executive Officers. At the request of the Governance and Compensation Committee, the Named Executive Officers may, from time to time, provide advice to the Governance and Compensation Committee with respect to the compensation program for the Corporation's Named Executive Officers. The Governance and Compensation Committee makes recommendations regarding the compensation to be awarded to the Named Executive Officers to the full Board of Directors (either on its own volition or based upon the advice it receives from the Named Executive Officers).



The Corporation relies on its Governance and Compensation Committee and its Board of Directors, through discussion without any pre-defined objectives, targets, or criteria, in determining the compensation of its Named Executive Officers. The Board of Directors is responsible for determining all forms of compensation, including the provision of long-term incentives through the granting of stock options to the Named Executive Officers of the Corporation, and to others, including, without limitation, to the Corporation's Directors. The Board is also responsible for reviewing the Governance and Compensation Committee's recommendations regarding the compensation to be awarded to any other officers of the Corporation to ensure such arrangements reflect the responsibilities and risks associated with each such officer's position. The Board of Directors incorporates the following goals when it makes its compensation decisions with respect to the Corporation's Named Executive Officers: (i) the recruiting and retaining of executives who are critical both to the success of the Corporation and to the enhancement of shareholder value; (ii) the provision of fair and competitive compensation; (iii) the balancing of the interests of management with the interests of the Corporation's Shareholders; (iv) the rewarding of performance, both on an individual basis and with respect to the operations of the Corporation as a whole; and (v) the preservation of available financial resources.

The Implementation of the Corporation's Compensation Policies

Base Consulting Fee

Subsequent to her appointment on August 13, 2015, the Corporation paid the Interim Chief Executive Officer a consulting fee at a per week rate agreed upon between the Interim Chief Executive Officer and the Corporation. The payment of consulting fees was not dependent on the Interim Chief Executive Officer's fulfillment of any specific performance goals or similar criteria.

After the establishment of the Governance and Compensation Committee, the terms of the Interim Chief Executive Officer's consulting contract were re-examined, and a bonus structure tied to the creation of shareholder value was introduced. The terms of the Interim Chief Executive Officer's contract will expire in July 2017.

Until August 6, 2015, the Corporation paid the President and Chief Executive Officer a consulting fee of \$50,000 per annum. This amount was agreed upon between the President and Chief Executive Officer and the Corporation. The payment of consulting fees was not dependent on the Chief Executive Officer and President's fulfillment of any specific performance goals or similar criteria.

Subsequent to his appointment April 21, 2015, the Corporation paid the Chief Financial Officer a consulting fee at a per hour rate based upon the number of hours of service provided by the Chief Financial Officer. This amount was agreed upon between the Chief Financial Officer and the Corporation. The payment of consulting fees was not dependent on the Chief Financial Officer's fulfillment of any specific performance goals or similar criteria.

Until April 20, 2015, the Corporation did not compensate its Chief Financial Officer.

Stock Options

The granting of options to the Named Executive Officers under the Corporation's Stock Option Plan provides an appropriate long-term incentive to management to create shareholder value. The number of options the Corporation grants to each Named Executive Officer reasonably reflects the Named Executive Officer's specific contribution to the Corporation in the execution of such person's responsibilities. However, historically the number of options granted has not depended upon nor does it reflect the fulfillment of any specific performance goals or similar conditions. Previous grants of options to Named Executive Officers are taken into consideration by the Compensation Committee in developing its recommendations with respect to the granting of new options. No new stock options were granted to the Named Executive Officers during the year ended December 31, 2016 however 25% of the options granted December 2015 vested in December 2016.



The granting of options to the non-management Directors of the Corporation under the Corporation's Stock Option Plan provides an appropriate long-term incentive to these Directors to provide proper independent oversight to the Corporation, with a view to maximizing shareholder value. The number of options the Corporation grants to each of these Directors reasonably reflects each Director's contributions to the Corporation in her/his capacity as a Director and as a member of one or more committees of the Board of Directors (if applicable), including without limitation the Audit Committee, the Governance and Compensation Committee, and the Science Committee. Previous grants of options awarded to the non-management Directors of the Corporation are taken into consideration when the Corporation considers the granting of new options to the non-management Directors. No new stock options were granted to the Corporation's non-management Directors during the year ended December 31, 2016 however 25% of the options granted December 2015 vested in December 2016.

The compensation of non-management Directors and the granting of options under the Corporation's Stock Option Plan is determined by the full Board. Non-management Directors were paid a fee of \$500 for each meeting of the Board of Directors or Committee of the Board of Directors attended in fiscal 2016.

Summary Compensation Table

The following table contains information about the compensation paid to, earned by and payable to, the Corporation's Named Executive Officers for the years ending December 31, 2016, December 31, 2015 and December 31, 2014. In accordance with the Form, the Corporation does not have any other "Named Executive Officers" given that no executive officer receives total salary and bonus in excess of \$150,000. Specific aspects of compensation payable to the Named Executive Officers of the Corporation are dealt with in further detail in subsequent tables.

Summary Compensation Table									
Name and Principal Position	Year	Fees (\$)	Share-Based Awards (\$)	Option-Based Awards (\$) ⁽⁵⁾	Non-Equity Incentive Plan Compensation (\$)		Pension Value (\$)	All Other Compensation (\$)	Total Compensation (\$)
					Annual Incentive Plans	Long-Term Incentive Plans			
Dr. Charlotte Moore Hepburn ⁽¹⁾ Interim C.E.O.	2016	72,196	Nil	8,523	Nil	Nil	Nil	Nil	80,719
	2015	18,980	Nil	5,876	Nil	Nil	Nil	Nil	26,323
S. Donald Moore ⁽²⁾ President and C.E.O.	2015	30,000	Nil	Nil	Nil	Nil	Nil	Nil	30,000
	2014	50,000	Nil	Nil	Nil	Nil	Nil	2,000	52,000
Michael D. Kindy ⁽³⁾ C.F.O / Acting C.F.O.	2016	40,000	Nil	5,327	Nil	Nil	Nil	Nil	45,327
	2015	38,519	Nil	3,673	Nil	Nil	Nil	Nil	42,192
	2014	15,850	Nil	Nil	Nil	Nil	Nil	Nil	15,850
Charles Burns ⁽⁴⁾ C.F.O.	2015	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	2014	Nil	Nil	Nil	Nil	Nil	Nil	2,000	2,000

⁽¹⁾ Dr. Moore Hepburn was appointed Interim C.E.O. August 13, 2015.

⁽²⁾ Mr. Moore passed away August 2015, at which time he ceased to be President and C.E.O.

⁽³⁾ Mr. Kindy was the Acting C.F.O. until October 27, 2014 and was the appointed C.F.O April 21, 2015.

⁽⁴⁾ Mr. Burns was appointed as C.F.O. October 27, 2014 and resigned as C.F.O. April 15, 2015.

⁽⁵⁾ The stock options were granted December 22, 2015 with 25% vesting on the grant date, and an additional 25% vesting on each of the first three anniversaries of the grant. The fair value of the options was estimated using the Black-Scholes Option pricing model with the following assumptions: expected dividend yield of Nil; risk free interest rate of 0.74%; estimated life of 4-7 years and expected volatility of 38.02%.



Outstanding Share-Based and Option-Based Awards Granted to Named Executive Officers as of December 31, 2016

The following table summarizes all share-based and option-based awards granted by the Corporation to its Named Executive Officers which are outstanding as of December 31, 2016.

Name	Option-Based Awards				Share-Based Awards	
	Number of Securities Underlying Unexercised Options (#)	Option Exercise Price (\$)	Option Expiration Date	Value of Unexercised In-The-Money Options (\$) ⁽¹⁾	Number of Shares or Units of Shares that have not Vested	Market or Payout Value of Share-Based Awards that have not Vested (\$)
Dr. Charlotte Moore Hepburn	40,000 ⁽²⁾	1.40	Dec. 30, 2022	1,000	Nil	Nil
S. Donald Moore	Nil	Nil	Nil	Nil	Nil	Nil
Charles Burns ⁽³⁾	Nil	Nil	Nil	Nil	Nil	Nil
Michael D. Kindy	25,000 ⁽²⁾	1.40	Dec. 30, 2022	625	Nil	Nil

⁽¹⁾ The value of the unexercised in-the-money options was calculated based on the difference between the closing price of the Common Shares underlying the options as at December 31, 2016, which was \$1.45, and the exercise price of vested options.

⁽²⁾ 50% of these stock options had vested as at December 31, 2016. An additional 25% will vest on December 22, 2017 and the final 25% on December 22, 2018.

⁽³⁾ Excludes options arising as a consequence of Mr. Burns' capacity as a Director, and when he was not a Named Executive Officer. See Director Compensation data below.

Value Vested or Earned by Named Executive Officers During the Year Ended December 31, 2016 Under Option-Based Awards, Share-Based Awards and Non-Equity Incentive Plan Compensation

The following table summarizes the value vested or earned during the year by Named Executive Officers in respect of option-based awards, share-based awards and non-equity incentive plan compensation during the year ended December 31, 2016.

Name	Option-Based Awards- Value Vested During the Year (\$) ⁽¹⁾	Share-Based Awards- Value Vested During the Year (\$)	Non-Equity Incentive Plan Compensation- Value Earned During the Year (\$)
Dr. Charlotte Moore Hepburn	500	Nil	Nil
S. Donald Moore	Nil	Nil	Nil
Charles Burns ⁽²⁾	Nil	Nil	Nil
Michael D. Kindy	313	Nil	Nil

⁽¹⁾ Determined based on the difference between the market price of \$1.45 of the underlying Common Shares on the vesting date of December 22, 2016 and the exercise price of the options.

⁽²⁾ Excludes options arising as a consequence of Mr. Burns' capacity as a Director, and when he was not a Named Executive Officer. See Director Compensation data below.



Termination and Change of Control Benefits

Other than as noted above, the Corporation has no compensatory plan or arrangement with respect to the Named Executive Officers that results or will result from the resignation, retirement or any other termination of employment of any such officer's employment with the Corporation, from a change of control of the Corporation or a change in the responsibilities of a Named Executive Officer following a change in control.

Compensation of Directors

The following table contains information about the compensation awarded to, earned by, paid to or payable to, the Corporation's directors, other than its Named Executive Officers, the compensation of whom is detailed above under "Summary Compensation Table", for the fiscal year ended December 31, 2016.

Director Compensation Table								
Name	Fees Earned (\$)	Share-Based Awards (\$)	Option-Based Awards (\$) ⁽¹⁾	Non-Equity Incentive Plan Compensation (\$)		Pension Value (\$)	All Other Compensation (\$)	Total (\$)
				Annual Incentive Plans	Long-Term Incentive Plans			
Charles Burns	Nil	Nil	15,981	Nil	Nil	Nil	Nil	15,981
Michael Detlefsen	3,500	Nil	19,178	Nil	Nil	Nil	Nil	22,678
William Alexander Mills	2,000	Nil	5,327	Nil	Nil	Nil	Nil	7,327
Greg Nuttall	3,500	Nil	19,178	Nil	Nil	Nil	Nil	22,678

⁽¹⁾ The stock options were granted December 22, 2015 with 25% vesting on the grant date, and an additional 25% vesting on each of the first three anniversaries of the grant. The fair value of the options was estimated using the Black-Scholes Option pricing model with the following assumptions: expected dividend yield of Nil; risk free interest rate of 0.74%; estimated life of 4-7 years and expected volatility of 38.02%.

Outstanding Share-Based and Option-Based Awards Granted to Directors (Other Than Directors Who are Named Executive Officers) as of December 31, 2016

The following table summarizes all share-based and option-based awards granted by the Corporation to its directors (other than directors who are Named Executive Officers whose share-based and option-based awards outstanding as of December 31, 2016 are detailed above) which are outstanding as of December 31, 2016.

Name	Option-Based Awards				Share-Based Awards	
	Number of Securities Underlying Unexercised Options (#)	Option Exercise Price (\$)	Option Expiration Date	Value of Unexercised In-The-Money Options (\$) ⁽¹⁾	Number of Shares or Units of Shares that have not Vested	Market or Payout Value of Share-Based Awards that have not Vested (\$)
Charles Burns	75,000 ⁽²⁾	1.40	Dec. 30, 2022	1,875	Nil	Nil
	50,000	2.00	May 21, 2018	Nil	Nil	Nil
Michael Detlefsen	90,000 ⁽²⁾	1.40	Dec. 30, 2022	2,250	Nil	Nil
William Alexander Mills	25,000 ⁽²⁾	1.40	Dec. 30, 2022	625	Nil	Nil
Greg Nuttall	90,000 ⁽²⁾	1.40	Dec. 30, 2022	2,250	Nil	Nil



- (1) The value of the unexercised in-the-money options was calculated based on the difference between the closing price of the Common Shares underlying the options as at December 31, 2016, which was \$1.45, and the exercise price of vested options.
- (2) 50% of these stock options had vested as at December 31, 2016. An additional 25% will vest on December 22, 2017 and the final 25% on December 22, 2018.

Value Vested or Earned During the Year Ended December 31, 2016 by Directors (Other Than Directors Who are Named Executive Officers) Under Option-Based Awards, Share-Based Awards and Non-Equity Incentive Plan Compensation

The following table summarizes the value vested or earned during the year ended December 31, 2016 by directors of the Corporation (other than directors who are Named Executed Officers whose value vested or earned during the year ended December 31, 2016 under option-based awards, share-based awards and non-equity incentive plan compensation is detailed above) in respect of option-based awards, share-based awards and non-equity incentive plan compensation.

Name	Option-Based Awards- Value Vested During the Year (\$) ⁽¹⁾	Share-Based Awards- Value Vested During the Year (\$)	Non-Equity Incentive Plan Compensation- Value Earned During the Year (\$)
Charles Burns	938	Nil	Nil
Michael Detlefsen	1,125	Nil	Nil
William Alexander Mills	313	Nil	Nil
Greg Nuttall	1,125	Nil	Nil

- (1) Determined based on the difference between the market price of \$1.45 of the underlying Common Shares on the vesting date of December 22, 2016 and the exercise price of the options.