



Management's Discussion and Analysis For the Nine Month Period Ended September 30, 2018

Basis of Presentation

Phoenix Canada Oil Company Limited (Phoenix or Company) has prepared the following Management's Discussion and Analysis (MD&A) of the financial condition and results of operations of the Company. This MD&A constitutes management's review of the factors that affected the Company's unaudited interim condensed consolidated financial and operating performance for the nine month period ended September 30, 2018. The MD&A was prepared as of November 28, 2018 and was approved by the Board of Directors on November 28, 2018.

This MD&A should be read in conjunction with our unaudited condensed interim consolidated financial statements for the nine month period ended September 30, 2018 and the audited consolidated financial statements for the year ended December 31, 2017, 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.

The Company

The Company held its annual general meeting on February 22, 2018 at which time each of the incumbent Directors was re-elected. At the meeting of the Board of Directors that immediately followed the shareholder meeting, each of the Company's Officers was reappointed and the sub-committees of the Board were reformed with the same members. The management of the Company 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

As noted in prior periods the Company's primary focus has been on identifying and investigating potential strategic partners. In recent months this effort has become more focused on a single entity and on October 23rd the Company announced that it had entered into a non-binding letter of intent (LOI) with VMedia Inc. (VMedia), a private Canadian corporation that offers telecom and broadcasting services across Canada.



Corporate performance - continued

VMedia is a pioneer in the development of live streaming TV solutions. with deep expertise in IPTV technology. It is an industry leader in the development of streaming video solutions, including app-based live TV streaming solutions compatible with a wide range of media devices including ROKU, Android TV and others. VMedia offers high-speed internet, TV, home phone and home security services across Canada and is the only national provider that delivers both TV and internet services. It is VMedia's mission to provide Canadians with the most affordable prices, the greatest choice and flexibility, and the best ongoing innovation in the industry.

The transaction terms outlined in the LOI are non-binding, and the proposed transaction is subject to the parties entering successfully into a definitive agreement. The LOI also contemplates other material conditions precedent to the closing of the proposed transaction including customary due diligence, compliance with all applicable regulatory requirements, receipt of all necessary regulatory, corporate, third-party, board, and shareholder approvals, the approval of the Ontario Superior Court, and the approval of the Canadian Radio-television and Telecommunications Commission. As presently contemplated, it is expected that the proposed transaction will be completed by way of a statutory plan of arrangement and that the completion of the proposed transaction will constitute a reverse takeover of the Company by VMedia.

There has been significant work completed to date by the Company and VMedia, leading to the signing of the LOI, but much additional work remains ahead as we work together to negotiate the definitive agreement, obtain all necessary approvals, and close the proposed transaction. While achieving all of this is our clear objective, there remains no certainty that we will be successful. The Company's shares were halted from trading on October 23, 2018 and will remain halted pending completion of the transaction.

The fees incurred as a result of identifying and investigating potential strategic partners, as well as the negotiations completed to date have certainly added to the Company's periodic costs. The Company continues to try to mitigate the impact of these costs through the active management of its investment portfolio. All investments are continuously administered as an element of managing the Company's capital and liquidity, while recognizing that investments continue to serve as the Company's primary source of cash.

The Company seeks return from its investment portfolio in the form of recurring income, and through timely disposals. During the first nine months of 2018, the Company realized investment income of \$174,805, generated net proceeds of \$1,250,798 from the sale of investments, and acquired investments having a cost of \$323,892. During the comparable period ended September 30, 2017, the company realized investment income of \$164,111, sale proceeds of \$925,678, and invested \$46,500.

On January 1, 2018 the Company adopted IFRS 9 which impacts upon the way certain amounts related to its investments are reported. Prior to its adoption, the Company reported gains or losses realized on the sale of investments, and the amount of any impairment of investments, in net income for the period. The Company also recognized any changes in the market value of its continuing investments in comprehensive income. Since the adoption of IFRS 9 all gains or losses on investments, whether realized or not, are now reported as an element of comprehensive income. For the nine months ended September 30, 2017 the Company reported gains of \$511,499 from the sale of investments and an impairment provision of \$119,102. There are no similar amounts reported in 2018.



Corporate performance - continued

For the second consecutive quarter markets were generally favourable, and the Company reported other comprehensive income of \$52,337. Moreover, the ill effects of market volatility in the first fiscal quarter have been fully offset resulting in other comprehensive income of \$22,399 for the nine month period. The Company's investment portfolio consists of high-quality investments, with good liquidity, and it will continue to actively manage this portfolio while working diligently and expeditiously to advance the proposed transaction with VMedia.

Selected financial data

The Company continues to maintain strong cash and liquidity positions, to derive income from short term investments, and to hold investments with opportunities for growth. The following selected financial data may provide additional insights relative to the Company's operating performance and financial position:

	For the fiscal years ended December 31:		
	2017	2016	2015
Oil and gas revenues	1,610	7,433	6,016
Net loss from operations	(458,700)	(353,039)	(377,547)
Per share - basic	(0.09)	(0.07)	(0.08)
Net income (loss) for the year	379,625	429,738	(986,288)
Per share - basic	0.08	0.09	(0.21)
Total assets	9,398,405	9,207,409	8,811,505
Total liabilities (all current)	199,452	136,621	175,243

	For the three month periods ended:			
	Sep. 30 2018	June 30 2018	Mar. 31 2018	Dec. 31 2017
Oil and gas revenues	220	289	426	438
Net loss from operations	(208,790)	(191,316)	(129,307)	(151,095)
Per share - basic	(0.04)	(0.04)	(0.03)	(0.03)
Net income (loss) for the period	(138,665)	(102,293)	(110,303)	120,725
Per share - basic	(0.03)	(0.02)	(0.02)	0.02
Total assets	9,303,561	9,395,160	9,110,214	9,398,405
Total liabilities (all current)	211,729	211,752	239,238	199,452

	For the three month periods ended:			
	Sep. 30 2017	June 30 2017	Mar. 31 2017	Dec. 31 2016
Oil and gas revenues	281	352	539	884
Net loss from operations	(160,522)	(80,516)	(66,567)	(101,969)
Per share - basic	(0.03)	(0.02)	(0.01)	(0.02)
Net income (loss) for the period	85,346	128,610	44,944	72,928
Per share - basic	0.02	0.03	0.01	0.02
Total assets	9,615,829	9,553,009	9,361,555	9,207,409
Total liabilities (all current)	196,534	123,121	139,913	136,621

The Company did not report any long-term financial liabilities nor did it declare, or pay, any cash dividends during any of the periods noted above.



Change in accounting policy

The Company's accounting policies will typically change only when there is a change in IFRS. Effective January 1, 2018 the Company has adopted IFRS 9 which uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing multiple rules in IAS 39. The approach in IFRS 9 is generally based on how an entity manages its financial assets in the context of its business model and the contractual cash flow characteristics of the financial assets. Investments in equity instruments are required to be measured by default at fair value through profit or loss. However, there is an irrevocable option for each equity instrument to present fair value changes in other comprehensive income or loss. Impairment of financial assets are determined using a single impairment model that requires entities to recognize expected credit losses without requiring a triggering event to occur. The new impairment model applies to financial assets measured at amortized cost or fair value through other comprehensive income, except for equity instruments. IFRS 9 largely retains the existing requirements under IAS 39 for the classification and measurement of financial liabilities.

This standard has been applied retrospectively using the available transitional provisions that allow an entity not to restate comparative period information. The Company has recognized the effects of applying this standard as an adjustment to opening retained earnings as at January 1, 2018.

The Company has applied the irrevocable option for each of our equity investments resulting in measurement of gains and losses in other comprehensive income or loss. Upon the adoption of IFRS 9, the Company recorded a reclassification of impairment charges previously recognized in the consolidated statement of earnings from retained earnings to accumulated other comprehensive income as at January 1, 2018.

We have assessed the classification and measurement of our financial instruments under IFRS 9, with reference to the former classification under IAS39, as follows:

Financial Assets	IFRS 9	IAS39
Cash	Amortized cost	Loans and receivables
Short-term investments	Fair value through other comprehensive income	Available for sale
Other receivables	Amortized cost	Loans and receivables
Financial Liabilities		
Accounts payable and accrued liabilities	Amortized cost	Other financial liabilities

Initial recognition – A financial asset or financial liability is initially recorded at its fair value, which is typically the transaction price, plus or minus transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. In the event that fair value is determined to be different from the transaction price, and that fair value is evidenced by a quoted price in an active market for an identical asset or liability or is based on a valuation technique that uses only data from observable markets, then the difference between fair value and transaction price is recognized as a gain or loss at the time of initial recognition.



Change in accounting policy - continued

Fair value through other comprehensive income ó Changes in fair value after initial recognition, whether realized or not, are recognized through other comprehensive income. Income arising in the form of interest, dividends, or similar, is recognized through profit and loss when the right to receive payment is established, the economic benefits will flow to the Company, and the amount can be measured reliably.

Amortized cost ó The amount at which a financial asset or financial liability is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount and, for financial assets, adjusted for any expected credit losses.

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.

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 investments may be impaired and the recognition and valuation of deferred tax amounts.

Results of operations

	Nine months ended Sept. 30		Three months ended Sept. 30	
	2018	2017	2018	2017
Oil and gas revenues	\$ 935	\$ 1,172	\$ 220	\$ 281
Operating (recovered) expenses	1,575	(1,129)	683	561
Gross profit (loss)	\$ (640)	\$ 2,301	\$ (463)	\$ (280)

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. Due to the age and inconsistency of these assets, the revenues and gross profit (loss) derived in one period should not be construed as being predictive of future periods.



Results of operations - continued

Expenses incurred were as follows:

	Nine months ended Sept. 30		Three months ended Sept. 30	
	2018	2017	2018	2017
Administrative expenses	\$ 513,745	\$ 281,986	\$ 191,859	\$ 150,768
Foreign exchange (gain)	(2,256)	3,643	4,423	1,906
Project development costs	9,293	1,572	9,293	-
Share based payments	8,165	22,705	2,752	7,568
Total expenses	\$ 528,947	\$ 309,906	\$ 208,327	\$ 160,242

Administrative expenses incurred were as follows:

	Nine months ended Sept. 30		Three months ended Sept. 30	
	2018	2017	2018	2017
Management and corporate services	\$ 160,775	\$ 126,030	\$ 59,795	\$ 59,200
Shareholder services	24,178	16,424	2,621	2,313
Professional fees	318,360	118,698	124,487	84,228
Insurance	4,536	4,536	1,512	1,512
Office and general	3,188	5,772	816	2,443
Travel	2,708	10,526	2,628	1,072
Total administrative expenses	\$ 513,745	\$ 281,986	\$ 191,859	\$ 150,768

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.

Project development costs represent expenses incurred in relation to the patenting process, and represents settlement with patent lawyers for work completed in earlier periods.

Share based payments represent the costs attributed to stock options granted in prior periods, which had not vested at the beginning of the current financial reporting period. The value attributed to the stock options at the time of grant is accreted to income over their vesting period. The periodic expense declines as the number of unvested options declines. The Company granted 345,000 options to directors and officers of the Company in December 2015 of which 50% had vested prior to December 31, 2016, a further 25% vested December 30, 2017, and the final 25% will vest on December 30, 2018.

Management and corporate services is comprised of fees charged by the Company's CEO and its CFO as well as Directors' fees payable to independent Directors. The higher costs in the current year are reflective of the increase in services provided by management in association with the investigation and evaluation of potential investment targets, services leading to the signing of the LOI with VMedia, and services rendered in relation to further advancing the proposed transaction with VMedia.

Shareholder services encompasses all regulatory costs and costs in relation to the Company's shareholders and securities, including fees charged by the Company's transfer agent. The 2018 expense amount includes costs incurred as a consequence of the annual general meeting held February 2018.



Results of operations - continued

Professional fees include legal fees, fees expected to be charged by the Company's auditors relative to the annual financial statement audit, and fees charged by the merchant banking firm, and others, retained to assist in the due diligence process. Fees expected to be charged by the Company's auditors remained comparable for the periods presented. Legal fees for the current period include costs related to corporate governance as well as fees associated with the due diligence process. In the comparative period they included fees resulting from disputes with vendors and no amounts in relation to due diligence. The merchant banking firm was retained July 1, 2017 giving rise to fees for the quarter ended September 30, 2017 but not in the first six months of that fiscal year.

The remaining administrative expenses are of relatively low significance and are well within management's expectations.

Liquidity

The Company continues to have a strong liquidity position as it holds cash in the amount of \$4,669,349 (Dec. 2017 - \$3,845,094) that is available to settle current liabilities in the amount of \$211,729 (Dec. 2017 - \$199,452).

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 nine months of 2018 the Company realized \$1,250,798 (Sept. 2017 - \$925,678) in sale proceeds and new investments of \$323,892 (Sept. 2017 - \$46,500) were acquired during the period.

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.

Transactions with related parties

The Company has incurred the following transactions with related parties:

	Nine months ended Sept. 30		Three months ended Sept. 30	
	2018	2017	2018	2017
Services rendered by the Interim CEO	\$ 33,900	\$ 87,575	\$ 11,300	\$ 45,200
Services rendered by the CFO	93,880	35,000	40,000	12,000
Directors' fees	32,995	3,455	8,495	2,000
	<u>\$ 160,775</u>	<u>\$ 126,030</u>	<u>\$ 59,795</u>	<u>\$ 59,200</u>
Share based payments	<u>\$ 8,165</u>	<u>\$ 22,705</u>	<u>\$ 2,752</u>	<u>\$ 7,568</u>

At September 30, 2018, \$118,705 (December 31, 2017 - \$141,479) 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.



Transactions with related parties - continued

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. The Company has granted the following options to related parties:

In December 2015 the Company granted 345,000 stock options to its directors and a senior officer. These options have an exercise price of \$1.40 and may be exercised up to December 30, 2022. 75% of these options have vested and the remaining 25% are expected to vest on December 30, 2018.

In May 2013 the Company granted 50,000 stock options to one of its directors. These options, which have now expired, had an exercise price of \$2.00 and were able to be exercised up to May 21, 2018.

In connection with the private placement completed April 29, 2016, there were 200,000 share purchase warrants issued to directors of the Company. These warrants had an exercise price of \$1.50 and could be exercised up to April 26, 2018. During the period 142,500 warrants were exercised and 57,500 warrants expired.

Convertible instruments and other securities

	<u>Quantity</u>	<u>Amount</u>
Common shares at December 31, 2017, September 30, 2017 and December 31, 2016	4,886,694	4,423,202
Warrants exercised during the period	142,500	239,540
Common shares as at September 30, 2018, and as at the date of this document	<u>5,029,194</u>	<u>\$ 4,662,742</u>

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 Company's fully diluted share position is as follows:

	<u>Quantity</u>
Common shares issued	5,029,194
Common shares reserved	<u>345,000</u>
Fully diluted share position as at as at September 30, 2018, and as at the date of this document	<u>5,374,194</u>

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.



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 Company's 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 Company's exposure to interest rate risk relates to its ability to earn interest income on cash balances at variable rates. The fair value of the Company's 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 Company's 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 value of the Company's short-term investments could result in an increase or decrease of approximately \$460,000 in comprehensive (loss) income.

A 10% increase or decrease in the Canadian dollar relative to the US dollar could result in an increase or decrease of approximately \$10,500 in other comprehensive (loss) income and an increase or decrease of approximately \$20,000 in net (loss) income.

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

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.