

**COBRA VENTURE CORPORATION**

**MANAGEMENT'S INTERIM DISCUSSION AND ANALYSIS**

**NINE MONTH PERIOD ENDED AUGUST 31, 2008**

## **DESCRIPTION OF BUSINESS AND OVERVIEW OF OPERATIONS AND FINANCIAL CONDITION**

The following discussion and analysis, prepared as of October 27, 2008, should be read together with the unaudited interim financial statements for the nine month period ended August 31, 2008 and the audited annual financial statements for the year ended November 30, 2007 and related notes attached thereto, which are prepared in accordance with Canadian generally accepted accounting principles. All amounts are stated in Canadian dollars unless otherwise indicated.

Statements in this report that are not historical facts are forward-looking statements involving known and unknown risks and uncertainties, which could cause actual results to vary considerably from these statements. Readers are cautioned not to put undue reliance on forward-looking statements.

Additional information related to the Company is available for view on SEDAR at [www.sedar.com](http://www.sedar.com).

### **Description of Business**

Cobra Venture Corporation (the "Company") is an emerging energy company focused on the acquisition and development of strategic oil and natural gas reserves in Western Canada.

The Company is in the process of exploring and developing its petroleum and natural gas interests (see discussion below in "Results of Operations"). The recoverability of the amounts shown for petroleum and natural gas interests are dependant upon the existence of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete the development and upon future profitable production. The Company trades on the TSX Venture Exchange under the symbol CBV.

### **Performance Summary**

The following is a summary of the significant events and transactions that occurred during the nine month period ended August 31, 2008:

- a) Completed a private placement of 1,000,000 flow-through units for proceeds of \$300,000. Each unit consists of one flow-through common shares and one non-flow through share purchase warrant. Each share purchase warrant is exercisable at \$0.35 per share for a period of 24 months.
- b) Issued 62,500 common shares pursuant to the exercise of 62,500 share purchase warrants for subscriptions received in advance of \$25,000.
- c) Issued 324,000 common shares pursuant to the exercise of 324,000 share purchase warrants at an exercise price of \$0.40 per share.
- d) Issued 418,500 common shares pursuant to the exercise of 418,500 incentive stock options for gross proceeds of \$63,375. 10,000 incentive stock options expired unexercised.
- e) The balance of warrants outstanding at November 30, 2007 that were not exercised, 651,000, expired unexercised on December 9, 2007.
- f) Granted 500,000 stock options to directors, officers, and consultants of the Company. The options allow the holder to purchase one common share of the Company at an exercise price of \$0.34 per option on or before December 18, 2012.
- g) Entered into an agreement to pay minimum consulting fees of \$288,000 to Kennedy Hill Financial group (which is controlled by a director of the Company), \$144,000 per annum, starting January 1, 2008 and terminating December 31, 2009.
- h) Sold 480 gross, 240 net acres of crown leased lands in Viewfield Area of Saskatchewan for \$790,000 to a junior oil and natural gas company.
- i) Entered into a multi-well farm out of one of its oil and natural gas interest to a junior oil and natural gas company on 640 gross acres, 480 net acres in the Viewfield Area of Saskatchewan, with a commitment to drill 2 one mile horizontal Bakken wells subject to a gross overriding royalty of 20%.

## **Results of Operations for the nine month period ended August 31, 2008**

**For the nine month period ended August 31, 2008 compared with the nine month period ended August 31, 2007.**

### **Revenues**

Revenue consists of sale of oil and gas of \$96,003 (2007 - \$Nil), interest on cash balances of \$33,010 (2007 - \$23,388), lease income of \$50,680 (2007 - \$7,596) and gain on sale of leased land of \$790,000 (2007 - \$Nil). Interest income has increased due to a higher cash balance during the period.

### **Operating Expenses / Net Loss**

Operating expenses of \$490,686 (2007 - \$271,357) are primarily comprised of management fees, professional fees, consulting fees, stock-based compensation, and general office expenses. The increase of \$219,329 from 2007 is due to an increase in activities requiring increased management fees, professional fees, transfer agent and regulatory fees, and stock-based compensation.

In comparison to the nine month period ended August 31, 2007:

- Management fees of \$114,000 (2007 - \$76,500) increased due to increased monthly fees.
- Professional fees of \$132,828 (2007 - \$64,220) increased due to legal fees paid for private placements, stock option granting and exercising.
- Consulting fees of \$37,447 (2007 - \$23,583) have increased due to increased activity in possible land purchases.
- Corporate services of \$28,880 (2007 - \$22,500) have increased slightly.
- Stock-based compensation of \$67,264 (2007 - \$19,938) has increased due to the grant stock options.

### **Petroleum and Natural Gas Interests**

#### *Viewfield Area, Saskatchewan*

On October 10, 2002, the Company completed its agreement for the purchase of petroleum and natural gas assets ("Assets") from Charter Oil Corporation ("Charter"). The petroleum and natural gas assets consisted of an approximate 90% net working interest in 2,880 freehold acres in the Viewfield area of southeast Saskatchewan.

In consideration of the acquisition of the Assets from Charter, the Company paid cash consideration of \$150,000, issued 400,000 common shares at an agreed value of \$240,000 and issued 830,000 Participating Redeemable Series "A" Preferred Shares at an agreed value of \$830,000 for total consideration of \$1,220,000.

During the year ended November 30, 2003, the Company entered into two participation and option agreements with Celtic Exploration Ltd. ("Celtic") on the Company's acreage in the Viewfield area, Saskatchewan. The agreements provided Celtic with the option to earn an interest in the lands by drilling up to three exploration wells.

The Company retained an entitlement to participate directly in the drilling of the exploration wells as to a 25% net working interest, with Celtic paying the balance of the drilling and completion costs. Following completion of each exploration well, Celtic will have earned a 50% interest in designated lands of the Company. In addition, the agreements provided for a regional area of mutual interest between the Company and Celtic on a 50/50 basis.

**COBRA VENTURE CORPORATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
AUGUST 31, 2008**

---

The Company paid \$26,570 for its share of the acquisition costs for the joint leased crown lands. The Company exercised its right to participate in the drilling of the first exploration well as per the terms of the agreement and paid \$130,000 for its 50% share of the drilling costs. The well was subsequently abandoned. Celtic did not elect to drill on the Company's optioned land and subsequently did not earn the 50% working interest in the Viewfield lands under the terms of the agreement and the option expired.

In 2004, the Company entered into several leases on portions of the Company's free acreage in the Viewfield area, of southeast Saskatchewan totaling approximately 1,440 acres. These leases had terms varying from six months to two years.

On May 27, 2005, the Company entered into a definitive sale agreement for the sale of a non-producing undivided four-fifths 1,440 gross (1,152 net) acres situated in the Viewfield area, of southeast Saskatchewan for a total purchase price of \$1.45 million. The transaction closed June 6, 2005, and the Company received the funds on July 15, 2005. The sale of these freehold properties represented approximately 39 per cent of the Company's non-producing Saskatchewan landholdings.

On October 19, 2006 the Company announced that it had entered into a multi-well farmout with Acero Energy Inc. ("Acero") of Calgary, Alberta, covering the Company's lands located in the Viewfield area of southeast Saskatchewan. Acero is a privately owned Calgary based oil exploration company with operations in the Viewfield area of Saskatchewan operated by the former principals of Bison Resources Ltd. By applying unconventional geological interpretations and utilizing modern drilling techniques, the Bison group discovered the Bakken light, sweet oil play in the greater Viewfield area leading to the further expansion of the play throughout SE Saskatchewan. Relying exclusively on geology and maintaining a hands-on approach to business, the team built that company to its eventual sale value in January 2006 of approximately \$113.4 MM.

Under the terms of the Company/Acero agreement, Acero will drill a minimum of 3 wells to test the Frobisher and Bakken light oil formations. In December 2006, the first well was drilled horizontally on a structural feature and the results from the well suggest that a second well can be located on the adjacent spacing unit on Company land. The initiation of a second well would be subject to further reservoir evaluation over the next three months. The single horizontal leg well encountered approximately 400 meters of high quality limestone porosity and initial production has yielded a sweet 30.3 degree API gravity oil with a very low water cut. Production rates for the well have been as high as 240 barrels of oil per day since completion of the well in the early part of December, but the operator anticipates reducing the rate of production to approximately 200 barrels of oil per day while the reservoir is being evaluated.

In early February 2007, the second well of a three well drilling program in the Viewfield Area of South East Saskatchewan, was drilled and completed as a producing oil well. Production rates for the well, completed in early February, have averaged approximately 250 barrels per day, of sweet 30.3 degree API gravity oil with negligible water. The Company owns 25% of the freehold mineral rights on the lands and has retained a non-convertible sixteen percent (16%) gross overriding royalty net of crown obligations.

In July 2007, the third well of the program was drilled and completed as a horizontal Bakken formation, light oil well on the southwest quarter of 640 gross, 320 net acres of crown leased land where the Company holds a 50% ownership of the mineral rights and has retained a Non-convertible sixteen percent (16%) gross overriding royalty.

In September 2007, the Company announced that it had entered into a second farm out arrangement with Acero, whereby Acero agreed to drill a test well on Company held lands in the Viewfield area, to test the Frobisher/Bakken formations on or before December 1, 2007. In addition, Acero had advised Company of its intention to drill 2 new development wells on Company lands where the first 2 wells of the program were successfully drilled and completed. Under the terms of the agreement with Acero, the Company receives 16% gross override, no deduction royalty, on all production from Company lands. The Company looks forward to increased production revenues, as additional wells are drilled and brought on stream throughout 2008. Within the 40 acres allowable spacing provisions, the Company believes there are over 26 potential well locations remaining on the existing land base, which is now fully under development. The Company has an ongoing geological assessment program underway to evaluate new opportunities at crown land sales and by farm in to increase drill target inventory in the area.

**COBRA VENTURE CORPORATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
AUGUST 31, 2008**

---

The Company's southeast Saskatchewan lands continue to produce monthly revenue on a royalty basis from 8 wells (3 existing wells drilled in 2004-2005). The Company owns 80% of the freehold mineral rights on these lands and has retained a non-convertible sixteen percent (16%) gross overriding royalty held under the terms of a previous lease agreement.

The Company has achieved 100% drilling success in the first 5 wells in the Viewfield area thru the terms of the farm-out agreement with Acero Energy Inc.

During the six month period ended May 31, 2008, the Company sold 480 acres of 640 acres in the Province of Saskatchewan for a total purchase price of \$790,000, resulting in a gain of \$790,000.

***Cessford Area, Alberta***

The Company announced that it had entered into an agreement on October 25, 2005 to acquire an interest in a Farmout and Participation Agreement to immediately commence an initial four well drilling program in the Cessford area of Alberta. The development properties are held 100% by the operating industry partner and target multiple natural gas prospective zones. The Company has the right to earn a 50% working interest before payout and 25% working interest after payout by paying 50% of all costs associated with the drilling program. There is a finder's fee payable on the transaction of 100,000 common shares at a price of \$0.15 per share, which has been recorded in the financial statements as an obligation to issue shares.

Effective November 14, 2005, the Company will not be proceeding with the four development well program in the Cessford area of Alberta. The finder's fee was expensed as consulting fees, and recovered in 2006.

***Pembina Area, Alberta***

On November 14, 2005, the Company entered into a Participation Agreement with an operating industry partner to participate in the drilling of an initial three (3) exploration wells and earn a working interest in the Pembina area of Alberta. The Company had the right to earn a 27% net working interest by paying 45% of all costs associated with the drilling program to earn a 40% net working interest in the prospect area comprised of seven (7) sections or approximately 4,480 acres.

In the summer of 2006, the Company participated in the drilling of two natural gas wells. These wells encountered multiple natural gas zones, one (1) has subsequently been abandoned in 2007, and one (1) remains standing pending recompletion.

In March 2007, the third (3<sup>rd</sup>) and final earning well at Pembina Area, Alberta was drilled, completed and tied in as a producing Edmonton Sands gas well.

The Company has earned a 27% working interest in two (2) natural gas wells and is receiving production revenue from one (1) well and one (1) remains standing pending recompletion. The Company subsequently has earned a 40% net working interest in 4,200 acres where an additional 10-12 drill targets have been identified and are being evaluated for future development.

During 2007, a third party industry partner drilled and completed a fourth (4<sup>th</sup>) natural gas well on Company lands, thru a farm in arrangement. It is currently a standing natural gas well and it is anticipated it will be tied in to produce.

***Central Alberta***

In Central Alberta, the Company has been successful in acquiring varying interests between 25-50% in 320 acres at Alderson, 160 acres at Willesden Green, and 160 acres in the Iosegun areas of Alberta. License applications are currently underway to drill up to 2 Cardium wells at Willesden Green and a Nisku recompletion program is planned for the Iosegun lands. A 3D seismic farm-in program has been completed by a third party on the Alderson lands and is currently being evaluated. The Company is actively evaluating new opportunities in Alberta to increase its land position and drilling inventory of light oil targets.

***Alderson Area, Alberta***

In the fall of 2007, the Company obtained a 50% net working interest in 320 acres of land in Central Alberta for \$77,215.

**COBRA VENTURE CORPORATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
AUGUST 31, 2008**

---

The Company is preparing to shoot a 3D seismic program as soon as government approval is received. Two quarter sections of land have been acquired with a single offset well having produced 98,000 barrels of oil. It is anticipated that three to four oil locations will be delineated by the 3D seismic data with drilling depths of 900 metres. The offset oil well is located on the northern edge of the property while an abandoned well on the south end previously indicated an oil water contact and production of 755 barrels of oil per day. The Company has acquired the land sitting between the two wells and drilling is expected to commence upon interpretation of the 3D seismic.

***Willesden Green Area, Alberta***

In the fall of 2007, the Company obtained a 40% net working interest in 160 acres of land in Central Alberta for \$18,570.

The Company has applied for and has been granted a holding in the Willesden Green area which is anticipated to allow two oil well locations to be drilled immediately adjacent to the Cardium U pool. The Company is currently surveying the first locations. Pending the successful completion of the first well, a second location will be drilled offsetting the first well. Offset wells in the area have exhibited total production rates of 60,000 to 109,000 barrels of oil.

***Iosegun Area, Alberta***

In the fall of 2007, the Company obtained a 20% net working interest in 160 acres of land in Central Alberta for \$15,543.

The Company has acquired the oil and natural gas rights to the Nisku zone and plans to re-enter an oil well that was abandoned in the 1980's with historical production of between 20 and 30 bbls/d of light oil. A surface audit of the existing well site is currently proceeding, following which a new licence for re-entry will then be applied for.

***Valhalla Area, Alberta***

The Company has entered into an agreement to acquire a 20% working interest in lands in the Valhalla area. The section shows several interesting sands that have high natural gas readings on the lithology gas detector during drilling of an old abandoned well. The Company has identified several natural gas zones which correlate to nearby natural gas wells drilled to the Bluesky-Gething formation that produced between 1 Bcf and 2.5 Bcf in offset wells. Also of interest is the shallower Paddy-Cadotte sand package that produced over 3.8 Bcf in a nearby wellbore. This land acquisition is anticipated to close soon and once acquired, a location has been identified for winter drilling in 2009 budget. The Company will also have the option to earn an additional 30% interest for a total 50% working interest in the section of land. Initial production rates for the offset Bluesky well were 1.5 mmcf/d, while the Paddy production rates were over 4 mmcf/d for the first year in a well 2 miles to the south of these lands.

***Inga Area N.E. British Columbia***

Early in the summer of 2006, having reviewed seismic data, the Company obtained 640 gross, 480 net acres of crown leased land underlying a significant structure in Northeastern British Columbia. The Company's net working interest is 75%, and additional seismic structures are being reviewed with the intent to accumulate a larger land position in the prospect area.

The Company is awaiting results from some Montney horizontal wells drilled in the immediate vicinity of it Inga play. Upon analysis of some the decision to drill a vertical or horizontal Montney natural gas well will be made along with the conclusion of current efforts to increase the land base in the offsetting acreage. Three Montney wells are to be released and a land sale is taking place prior to that release. Once data on the wells is available, the Company will decide on the depth to be drilled and the type of completion to be used. The Company is in discussion with other landholders in the area for pooling and participation in a possible Montney well.

**COBRA VENTURE CORPORATION**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**AUGUST 31, 2008**

---

**LIQUIDITY AND CAPITAL RESOURCES**

The Company's oil and gas exploration activities have been funded to date primarily through the issuance of common shares, and the Company expects that it will continue to be able to utilize this source of financing until it develops cash flow from its oil and gas operations.

As at August 31, 2008, the Company had working capital of \$1,665,603 compared to working capital of \$884,815 as at November 30, 2007. As at August 31, 2008, the Company had cash of \$2,038,218 compared to cash of \$878,075 as at November 30, 2007.

Net cash used in operating activities for the nine month period ended August 31, 2008 was \$261,534 (2007 -\$258,859) consisting primarily of the operating loss, and the change in non-cash items.

Net cash provided by investing activities for the nine month period ended August 31, 2008 was \$928,702 (2007 - \$273,496) consisting of the petroleum and natural gas expenditures and the proceeds from sale of leased land.

Net cash provided by financing activities for the nine month period ended August 31, 2008 was \$492,975 (2007 - \$59,925) consisting of the issuance of common shares for cash.

**SUMMARY OF QUARTERLY RESULTS**

	<b>August 31, 2008</b>	<b>May 31, 2008</b>	<b>February 29, 2008</b>	<b>November 30, 2007</b>
Total assets	\$ 2,414,937	\$ 2,271,520	\$ 2,699,069	\$ 1,544,228
Petroleum and natural gas interests	-	-	263,445	521,992
Working capital	1,665,603	1,950,021	2,176,613	884,815
Shareholders' equity	1,897,356	1,955,352	2,435,968	1,333,296
Revenue	41,655	54,348	-	-
Other income	21,262	(2,139)	64,567	11,320
Operating expenses	173,400	155,055	162,229	119,946
Gain on sale on leased land	87,944	(68,944)	771,000	-
Income tax recovery (provision)	-	(30,746)	(100,000)	93,531
Net income (loss)	(157,458)	(336,166)	573,338	(15,095)
Basic and diluted income (loss) per share	(0.01)	(0.04)	0.04	(0.02)

	<b>August 31, 2007</b>	<b>May 31, 2007</b>	<b>February 28, 2007</b>	<b>November 30, 2006</b>
Total assets	\$ 1,565,580	\$ 1,673,324	\$ 1,734,009	\$ 1,990,860
Petroleum and natural gas interests	636,405	722,962	888,037	1,068,737
Working capital	756,762	870,941	567,259	636,292
Shareholders' equity	1,409,337	1,397,330	1,458,834	1,506,447
Revenue	-	-	-	-
Other income	20,315	926	9,743	(10,107)
Operating expenses	83,780	116,356	71,221	31,524
Gain on sale on leased land	-	-	-	-
Income tax recovery	-	-	-	(62,460)
Net income (loss)	(63,465)	(115,430)	(61,478)	20,829
Basic and diluted income (loss) per share	(0.01)	(0.01)	(0.01)	(0.01)

**COBRA VENTURE CORPORATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
AUGUST 31, 2008**

---

**RELATED PARTY TRANSACTIONS**

The fair value of the amounts due to or from related parties is not determinable as they have no fixed terms of repayment, do not bear interest and are unsecured.

During the nine month period ended August 31, 2008, the Company paid or accrued:

- i) \$900 (2007 - \$900) in rent to a company owned by a director.
- ii) \$108,000 (2007 - \$76,500) in management fees to a company owned by a director and officer of the Company.
- iii) \$6,000 (2007 - \$NIL) in directors fees, recorded as management fees, to directors and officers of the Company.
- iv) \$28,100 (2007 - \$22,500) in administrative fees to a company owned by a director of the Company.
- v) \$57,700 (2007 - \$28,500) in professional fees to a firm in which a director and an officer of the Company is partner.
- vi) \$28,438 (2007 - \$23,720) in professional fees to a firm in which an officer of the Company is a partner.

Included in accounts payable is \$13,000 (November 30, 2007 - \$NIL) due to a firm in which an officer of the Company is a partner and \$4,000 (November 30, 2007 - \$Nil) due to directors and officers.

These transactions were in the normal course of operations and were measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

**NEW ACCOUNTING POLICIES**

*Accounting Changes*

Effective December 1, 2007, the Company implemented the new CICA Handbook Section 1506 "accounting changes". Under these new recommendations, voluntary changes in accounting policy are permitted only when they result in the financial statements providing reliable and more relevant information. This section requires changes in accounting policy to be applied retrospectively unless doing so is impracticable, requires prior period errors to be corrected retrospectively and requires enhanced disclosures about the effects of change in accounting policies, estimates and error on the financial statements.

These recommendations also require the disclosure of new primary sources of generally accepted accounting principles that have been issued that the company has not adopted because there are not yet in effect.

The adoption of this new section is not expected to have an impact on the Company's financial statements.

*Capital disclosures*

Effective December 1, 2007, the Company implemented the new CICA Handbook Section 1535 "Capital disclosures" The section specifies the disclosure of (i) an entity's objectives, policies, and processes for managing capital; (ii) quantitative data about what the entity regards as capital; (iii) whether the entity has complied with an capital requirements; and (iv) if it has not complied, the consequences of such non-compliance other than the additional disclosures in note 13, the adoption of this new Section did not have an impact on the Company's financial statements.

*Financial instruments*

Effective December 1, 2007, the Company implemented the new CICA Handbook Section 3862, *Financial Instruments – Disclosures*, which requires entities to provide disclosures in their financial statements that enable users to evaluate (a) the significance of financial instruments for the entity's financial position and performance; and (b) the nature and extent of risks

**COBRA VENTURE CORPORATION**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**AUGUST 31, 2008**

---

arising from financial instruments to which the entity is exposed during the period and at the balance sheet date, and how the entity manages those risks. The principles in this section complement the principles for recognizing, measuring and presenting financial assets and financial liabilities in Section 3855, *Financial Instruments – Recognition and Measurement*, Section 3863, *Financial Instruments – Presentation*, and Section 3865, *Hedges*. Other than the additional disclosures in Note 11, the adoption of this new Section relates to disclosures and did not have an impact on the Company's financial statements.

Effective December 1, 2007, the Company implemented the new CICA Handbook Section 3863, *Financial Instruments – Presentation*, which is to enhance financial statement users' understanding of the significance of financial instruments to an entity's financial position, performance and cash flows. This section establishes standards for presentation of financial instruments and non-financial derivatives. It deals with the classification of financial instruments, from the perspective of the issuer, between liabilities and equity, the classification of related interest, dividends, losses and gains, and the circumstances in which financial assets and financial liabilities are offset. This new Section relates to disclosures and did not have an impact on the Company's financial results.

**Recent accounting pronouncements**

*Assessing going concern*

The AcSB amended CICA Handbook Section 1400, to include requirements for management to assess and disclose an entity's ability to continue as a going concern. This section applies to interim and annual financial statements relating to fiscal years beginning on or after January 1, 2008. This new Section relates to disclosures and will not have an impact on the Company's financial results.

*Goodwill and intangible assets*

The AcSB issued CICA Handbook Section 3064 which replaces Section 3062, Goodwill and Other Intangible Assets, and Section 3450, Research and Development Costs. This new section establishes standards for the recognition, measurement, presentation and disclosure of goodwill subsequent to its initial recognition and of intangible assets. Standards concerning goodwill remain unchanged from the standards included in the previous Section 3062. The section applies to interim and annual financial statements relating to fiscal years beginning on or after October 1, 2008. Adoption of Section 3064 is not expected to have a significant impact on the Company's financial results.

*International financial reporting standards (“IFRS”)*

In 2006, the Canadian Accounting Standards Board (“AcSB”) published a new strategic plan that will significantly affect financial reporting requirements for Canadian companies. The AcSB strategic plan outlines the convergence of Canadian GAAP with IFRS over an expected five year transitional period. In February 2008, the AcSB announced that 2011 is the changeover date for publicly-listed companies to use IFRS, replacing Canada's own GAAP. The date is for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The transition date of January 1, 2011 will require the restatement for comparative purposes of amounts reported by the Company for the year ended December 31, 2010. While the Company has begun assessing the adoption of IFRS for 2011, the financial reporting impact of the transition to IFRS cannot be reasonably estimated at this time.

**FINANCIAL INSTRUMENTS AND RISK**

The Company's financial instruments consist of cash, investment, receivables, due to (from) related parties, accounts payable and accrued liabilities. The fair value of these financial instruments approximates their carrying values, unless otherwise noted.

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

**COBRA VENTURE CORPORATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
AUGUST 31, 2008**

---

*Credit risk*

Credit risk is the risk of loss associated with counterparty's inability to fulfill its payment obligations. The Company's believes it has no significant credit risk.

*Liquidity risk*

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at August 31, 2008, the Company had a cash balance of \$2,038,218 (November 30, 2007 - \$878,075) to settle current liabilities of \$494,581 (November 30, 2007 - \$130,932). All of the Company's financial liabilities have contractual maturities of 30 days or due on demand and are subject to normal trade terms.

*Market risk*

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices.

(a) Interest rate risk

The Company has cash balances and no interest-bearing debt. The Company is satisfied with the credit ratings of its banks. As of August 31, 2008, the Company did not have any investments that were subject to interest rate risk.

(b) Foreign currency risk

The Company is exposed to foreign currency risk on fluctuations related to cash and accounts payable and accrued liabilities that are denominated in US Dollars (US).

(c) Price risk

The Company is exposed to price risk with respect to commodity and equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company closely monitors commodity prices of oil, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company.

**OUTSTANDING SHARE DATA**

**As at October 27, 2008:**

- a) Authorized: unlimited common shares without par value  
unlimited preferred shares
- b) Issued and outstanding: 14,940,750 common shares.
- c) Outstanding incentive stock options:

	Number of Options	Exercise Price	Expiry Date
<b>Stock Options</b>	500,000	\$ 0.15	October 25, 2010
	300,000	\$ 0.20	December 19, 2010
	100,000	\$ 0.23	May 15, 2009
	5,000	\$ 0.27	June 19, 2012
	500,000	\$ 0.34	December 18, 2012

**COBRA VENTURE CORPORATION**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**AUGUST 31, 2008**

---

---

The Company increased the number of Common Shares reserved for issuance under the Plan by an amount of 1,093,900 Common Shares to a total of 2,988,150 Common Shares. This increase in the number of Common Shares available for issuance under the Plan represents 20% of the current issued and outstanding Common Shares of the Company, and has also increased the number of Common Shares available for future option grants to 1,583,150 Common Shares.

d) Outstanding warrants:

---

---

Number of warrants	Exercise Price	Expiry Date
1,000,000	\$ 0.35	December 13, 2009

---

---

e) Shares in escrow or pooling agreements: Nil.