

COBRA VENTURE CORPORATION

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE YEAR ENDED NOVEMBER 30, 2015

DESCRIPTION OF BUSINESS

The following management discussion and analysis of the financial results for the year ended November 30, 2015 ("MD&A"), as provided by the management of Cobra Venture Corporation (the "Company"), should be read together with the Company's audited annual financial statements for the year ended November 30, 2015 and related notes attached thereto, which are prepared using accounting policies consistent with International Financial Reporting Standards ("IFRS"). All dollar amounts included therein and in the following MD&A are expressed in Canadian dollars except where noted. This Management Discussion and Analysis is dated March 10, 2016.

The Company is an emerging energy company focused on the acquisition, development and production of strategic petroleum and natural gas interests in Western Canada (see discussion below in "Results of Operations"). The recoverability of the amounts shown for petroleum and natural gas interests are dependent 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.

Additional information related to the Company is available for view on SEDAR at www.sedar.com.

PERFORMANCE SUMMARY

The following is a summary of the significant events and transactions that occurred during the year ended November 30, 2015, and up to March 10, 2016:

- On December 21, 2015, Magnum Goldcorp Inc. ("Magnum" - TSX-V: MGI), Cobra Venture Corporation ("Cobra" - TSX-V: CBV) and International Bethlehem Mining Corp. ("IBC" - TSX-V: IBC, and together with Magnum and Cobra, the "Parties") announced that they have entered into a non-binding letter of intent (the "LOI") pursuant to which Magnum has indicated its intention to acquire (the "Proposed Acquisition") all of the interest of each of Cobra and IBC in the LH Property. The LH Property is a gold exploration project located south of Silverton, British Columbia, on the east side of Slocan Lake and consists of 19 contiguous crown granted claims and four mineral claims. Upon closing of the Proposed Acquisition, Magnum will own 100% of the LH Property. The LH Property is currently jointly owned by the Parties, with IBC owning 49% and Magnum and Cobra each owning 25.5%. Magnum operates the LH Property under the terms of a joint venture arrangement amongst the Parties. The Parties anticipate that the consolidation of interest in the LH Property by Magnum will enhance Magnum's ability to secure financing to further develop the LH Property, while allowing Cobra and IBC to focus on their other respective assets. The Parties intend to move expeditiously to enter into a definitive purchase and sale agreement for the proposed acquisition. It is expected that Magnum will issue the same number of shares as its outstanding share capital to Cobra and approximately double its outstanding share capital to IBC as consideration for their respective interests in the LH Property. Subject to review of certain tax related considerations, each of Cobra and IBC intend to distribute all, or a portion of, the shares of Magnum it receives to its shareholders by way of a return of capital. Upon completion of the return of capital, which is subject to shareholder approval, the shareholders of Cobra and IBC respectively will become shareholders of Magnum. For additional information on the 2015 exploration drilling program and assay results for the LH Property project, see Magnum's, Cobra's and IBC's news releases dated August 18, 2015 and July 6 and 7, 2015. Closing of the Proposed Acquisition will be subject to shareholder, board of director and TSX Venture Exchange approvals and other conditions that are customary in comparable transactions.
- On August 18, 2015, the Company's option partner Magnum Goldcorp Inc. ("Magnum") announced impressive analytical results from its helicopter-supported drill program recently completed on its gold exploration property (the "LH Property"). As part of its 2015 exploration program, the Magnum initiated a helicopter supported drill program to target high grade gold mineralization previously identified in the LH underground workings. A total of 11 drill holes were completed from a single pad for a total of 693 metres. The objective of the Phase I program was to confirm high grade gold mineralization reported from both previous drilling and underground chip sampling by previous operators. Previous work was interpreted to suggest gold-bearing mineralized zones are associated with intervals having elevated sulphide content. At least two mineralized intervals are interpreted to be present (on the basis of the results tabulated below) which are moderately north dipping. Several of the holes intersected the -2- underground workings and were terminated at depths less than the target depth. Despite this fact, all the holes

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(except LH15-33) intersected anomalous, high grade, gold mineralization, with the holes intersecting underground workings documenting shortened mineralized intervals. Furthermore, with an interpreted moderate dip to the north, many of the holes were drilled at a shallow angle to the mineralized zone(s), resulting in thickened mineralized intervals (i.e. greater than the true width). The true widths of the mineralized zones are not known at this time, however, are interpreted to be approximately 6-8 m in thickness. Further work is proposed by Magnum to ascertain probable true width(s) (Refer to the August 18, 2015 Magnum news release for collar information and the analytical results for the 2015 exploration program drill holes). The Company views the results of its Phase I program to be very significant and noteworthy. Phase II of Magnum's planned program will undertake additional testing of high grade gold mineralization previously identified and associated with the underground workings of the LH Mine and/or along the Ridge Zone.

- Entered into a purchase agreement dated for reference February 24, 2015, with International Bethlehem Mining Corp. and Magnum Goldcorp Inc., pursuant to which Magnum has agreed to sell and the Company has agreed to purchase one-half of Magnum's 51-per-cent option interest in certain properties owned by International Bethlehem. Pursuant to the terms of the purchase agreement, the Company will purchase one-half (25.5 per cent) of Magnum's 51-per-cent interest in the properties in exchange for a \$300,000 payment. Magnum is required to use \$200,000 of this payment to complete certain expenditures on the properties in accordance with the Magnum option agreement and is required to use reasonable commercial efforts to fulfill its obligations under the Magnum option agreement such that the option becomes exercised. Upon exercise by Magnum of the option in accordance with the Magnum option agreement, the Company will acquire 25.5 per cent of the legal and beneficial interest in and to the properties.
- Received from trust the balance of funds outstanding of \$1,466,827 at November 30, 2014 from the assets held for sale. During fiscal 2014, the Company sold 12.84 acres of land located in the Municipal District of Rocky View No. 44, in the province of Alberta, to an arm's length private Alberta corporation for an aggregate purchase price of \$4,365,600 in August 2014; and sold 2.94 acres of the land located in the Municipal District of Rocky View No. 44, in the province of Alberta, to an arm's length private Alberta corporation for an aggregate purchase price of \$1,470,000 in November 2014. The Lands represent the 15.78 acres of undeveloped land originally acquired by the Company in October, 2012. As a result, the Company recognized a gain on sale of land of \$1,623,844 during the year ended November 30, 2014.

RESULTS OF OPERATIONS FOR THE THREE MONTH PERIOD ENDED NOVEMBER 30, 2015

Oil and gas revenue for the three month period ended November 30, 2015 was \$77,678 compared to \$110,085 in the comparative three month period ended November 30, 2014. The decrease is primarily a result of decreased production revenues from the Gull Lake project.

Direct costs for the three month period ended November 30, 2015 were \$227,712 compared to \$75,598 recovery in the comparative three month period ended November 30, 2014. The increase is primarily a result of differences in depletion base used upon revisions from the technical reports completed for the year ended November 30, 2015.

Operating expenses for the three month period ended November 30, 2015 were \$140,779 compared to \$169,464 in the comparative three month period ended November 30, 2014. Expenses were comparable and did not fluctuate significantly in the fourth quarter.

RESULTS OF OPERATIONS FOR THE YEAR ENDED NOVEMBER 30, 2015

Oil and gas revenue for the year ended November 30, 2015 was \$301,355 compared to \$288,914 in the comparative year ended November 30, 2014. The increase is primarily a result of increased production revenue from the Gull Lake project.

Direct costs for the year ended November 30, 2015 were \$348,576 compared to \$279,693 in the comparative year ended November 30, 2014. The increase is primarily a result of differences in depletion base used upon revisions from the technical reports completed for the year ended November 30, 2014.

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Administrative expenses for the year ended November 30, 2015 were \$586,951 compared to \$639,791 in the comparative year ended November 30, 2014. Expenses were comparable and did not fluctuate significantly during the year.

PETROLEUM AND NATURAL GAS INTERESTS

Property and Equipment

Willesden Green area, Alberta

During the year ended November 30, 2007, the Company acquired a 40% net working interest in 160 acres of land in Central Alberta for \$18,570.

During the year ended November 30, 2008, the Company acquired an 80% working interest in an oil well located in the Willesden Green area which is subject to applicable royalties, by incurring all costs, risk and expenses associated with completing the test well.

During the year ended November 30, 2009, the Company entered into an arrangement with a private oil and gas operator in the area and the operator agreed to perform some remedial work in the well and prepare and tie-in the well to earn 50% of the Company's interest being a 40% working interest.

During the year ended November 30, 2010, the operator completed its obligations, paid the Company \$460,000 based on a BOE/day calculation and earned its 40% working interest.

During the year ended November 30, 2015, the Company recorded an impairment charge of \$24,454 on the property due to a sustained decline in forecasted crude oil and natural gas prices. The Company recorded \$45,119 (2014 - \$68,551) in production revenue.

Davey Lake area, Alberta

During the year ended November 30, 2010, the Company entered into an agreement with RNM Services Ltd. ("RNM") to earn a 13.5% working interest in a well located in the Davey Lake area by incurring all RNM's costs to drill, case, complete and equip and tie-in (or abandon) the well. The Company paid RNM a one-time fee of \$26,250 to enter into this agreement.

During the year ended November 30, 2015, the Company recorded an impairment charge of \$106,374 on the property due to a sustained decline in forecasted crude oil prices. The Company recorded \$12,202 (2014 - \$42,162) in production revenue.

Gull Lake, Saskatchewan

During the year ended November 30, 2013, the Company entered into a Participation Agreement whereby the Company (and two other arm's length companies) was granted the right to equally participate to drill and complete up to 4 initial test wells (each "Test Well") located in Gull Lake, Saskatchewan. Under the agreement, the Company had to pay 29.33% of the drilling costs of each Test Well to earn a net working interest of 14.665% in each well. The Company currently maintains a 14.665% interest in the Gull Lake project area.

As at May 31, 2014, the Company had participated in the drilling of 3 out of the 4 Test Wells.

As of November 30, 2015, the Company participated in six wells.

Due to a sustained decline in forecasted crude oil and natural gas prices, the Company recorded an impairment charge on the property of \$664,978 (2014 - \$Nil). The impairment was determined using a value in use approach using estimated expected cash flow based on proved plus probable reserves using a pre-tax discount rate of 10%.

During the year ended November 30, 2015, the Company recorded \$244,034 (2014 - \$178,201) in production revenue.

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Exploration and evaluation assets

LH Property, British Columbia

The Company entered into a purchase agreement dated for reference February 24, 2015, with International Bethlehem Mining Corp ("IBC") and Magnum Goldcorp Inc. ("Magnum"), pursuant to which Magnum agreed to sell and the Company has agreed to purchase one-half of Magnum's 51-per-cent option interest in certain properties owned by IBC. Pursuant to the terms of the purchase agreement, the Company will purchase one-half (25.5 per cent) of Magnum's 51-per-cent interest in the properties in exchange for a \$300,000 payment (paid). Magnum is required to use \$200,000 of this payment to complete certain expenditures on the properties in accordance with the Magnum option agreement (completed) and was required to use reasonable commercial efforts to fulfill its obligations under the Magnum option agreement such that the option becomes exercised. As of November 13, 2015, the Company was advised by Magnum that the Option with IBC had been exercised, and accordingly, the Company has acquired a 25.5% interest in the Properties and a joint venture has been formed between the Company, IBC and Magnum. The Company and Magnum have certain directors in common.

Subsequent to the year ended November 30, 2015, the Company, Magnum and IBC entered into a non-binding letter of intent pursuant to which Magnum has indicated its intention to acquire all of the interest of each of Cobra and IBC in the property. Under the definitive purchase and sale agreement for the proposed acquisition, it is expected that Magnum will issue the same number of shares as its outstanding share capital to the Company and approximately double its outstanding share capital to IBC as consideration for their respective interest in the property. As a result, the Company has reclassified the property to asset held for sale at year end.

Hayter area, Alberta

During the year ended November 30, 2013, the Company entered into a Participation Agreement whereby the Company is granted the right to participate in a governing Joint Operating Agreement ("JOA") to earn a working interest in two wells ("Existing Wells") located in the Hayter area of Alberta. The Company had the right to earn 25.3333% working interest (after payout) and 33.3333% working interest (before payout) upon paying 33.3333% cost to abandon and recomplete the Existing Wells ("payout"). The Company also agreed to:

1. pay \$17,500 (paid), plus GST, to RNM as consideration for RNM providing all of the geological review, analysis and granting the rights under Participation Agreement to the Company;
2. pay \$32,008 (paid) of the cash call required by the JOA for the 33.3333% working interest; and
3. pay 100% of any future seismic costs under the JOA.

During the year ended November 30, 2015, the Company decided to abandon the property and recorded an impairment charge of \$116,165 (2014 - \$Nil).

LIQUIDITY AND CAPITAL RESOURCES

The Company's petroleum and natural gas exploration activities have been funded to date primarily through revenue and the issuance of common shares.

As at November 30, 2015, the Company had working capital of \$3,485,793 compared to \$4,932,874 as at November 30, 2014. As at November 30, 2015, the Company had cash and cash equivalents of \$3,121,672 compared to \$3,677,378 as at November 30, 2014. As at November 30, 2015, the Company's cash equivalents consisted of cashable GIC of \$Nil (November 30, 2014 - \$150,000) at interest rates of N/A (November 30, 2014 - prime less 1.85%), and a term deposit of \$2,965,000 (November 30, 2014 - \$3,500,000) at an interest rate of 0.65% (November 30, 2014 - 1.35%).

Net cash used in operating activities for the year ended November 30, 2015 was \$545,844 (2014 - \$340,149) consisting primarily of the operating loss.

Net cash used in investing activities for the year ended November 30, 2015 was \$9,862 (2014 - \$3,550,868 provided by) and was due to the acquisition of property and equipment and purchase of investment.

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INVESTMENT

	November 30, 2015	November 30, 2014
Shares in Mobius Resources Inc.	\$ -	\$ 53,167
Shares in Star Valley Drilling Ltd.	\$ 350,000	\$ -

During the year ended November 30, 2015, the Company:

- sold all the shares of Mobius Resources Inc. for net proceeds of \$33,578 (2014 - \$Nil). The Company recorded a realized loss of \$19,589 (2014 - \$Nil) with the sale; and
- acquired 350,000 shares in Star Valley Drilling Ltd., a privately owned company situated in Alberta at \$1 per share. As there is no quoted market price in an active market for the investment, the investment shall be carried at cost.

During the year ended November 30, 2014, the Company determined the investment in Mobius Resources Inc. was impaired due to significant decline in the fair value below its cost as a result of the market conditions. Accordingly, the previously recognized unrealized loss of \$170,955, net of tax \$25,878 was reallocated from accumulated other comprehensive loss to profit or loss.

SELECTED ANNUAL INFORMATION

The following table provides a brief summary of the Company's financial operations. For more detailed information, refer to the financial statements.

	Year Ended November 30, 2015	Year Ended November 30, 2014	Year Ended November 30, 2013
Total revenues	\$ 301,355	\$ 288,914	\$ 124,967
Total other items	(889,162)	1,445,896	5,356
Income (loss) before income taxes	(1,523,334)	815,326	(737,959)
Basic and diluted earnings (loss) per share	(0.09)	0.05	(0.03)
Comprehensive income (loss)	(1,364,527)	818,073	(613,110)
Total assets	5,193,221	6,691,395	5,670,878
Working capital	3,485,793	4,932,874	705,866
Cash dividends	-	-	-

SUMMARY OF QUARTERLY RESULTS

	November 30, 2015	August 31, 2015	May 31, 2015	February 28, 2015
Total assets	\$ 5,193,221	\$ 6,137,381	\$ 6,178,849	\$ 6,599,661
Exploration and evaluation assets	-	417,148	417,184	116,423
Property and equipment	1,158,921	1,861,919	1,646,081	1,532,473
Asset held for sale	300,000	-	-	-
Working capital	3,485,793	3,791,613	4,068,125	4,616,406
Equity	4,870,233	5,913,334	5,976,529	6,146,411
Total revenues	77,678	82,667	36,306	104,704
Total other items	(899,288)	10,389	(3,523)	3,260
Operating expenses	140,779	140,911	173,657	131,604
Income(loss) before income taxes	(1,024,730)	(74,956)	(174,101)	(90,740)
Basic and diluted income (loss) per share	(0.06)	(0.00)	(0.01)	(0.01)

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	November 30, 2014	August 31, 2014	May 31, 2014	February 28, 2014
Total assets	\$ 6,691,395	\$ 5,718,142	\$ 5,512,681	\$ 5,823,647
Exploration and evaluation assets	115,149	113,118	111,597	106,926
Property and equipment	1,285,911	678,612	1,398,050	1,409,718
Assets held for sale	-	766,251	3,326,962	3,321,551
Working capital	4,932,874	3,994,264	80,167	339,178
Equity	6,234,760	5,547,376	4,956,777	5,291,528
Total revenues	110,085	64,134	49,806	64,889
Total other items	501,240	942,802	874	980
Operating expenses	169,464	162,437	180,782	127,108
Income(loss) before income taxes	495,221	708,594	(298,813)	(114,914)
Basic and diluted income (loss) per share	0.03	0.04	(0.01)	(0.01)

RELATED PARTY TRANSACTIONS

Amounts paid or accrued to related parties are as follows:

Paid or accrued to:	Nature of transactions	For the year ended November 30, 2015	For the year ended November 30, 2014
A limited partnership of which a Director is a partner	Rent	\$ 25,703	\$ 37,200
A firm of which a Director is a partner	Professional fees	47,805	57,795
A firm of which the Corporate Secretary is a partner	Professional fees	611	27,863
A company controlled by a Director and Officer	Financing fees and interest	-	12,863
Spouse of a Director and Officer	Financing fees and interest	-	6,431
Directors	Financing fees and interest	-	19,295
		<u>\$ 74,119</u>	<u>\$ 161,447</u>

Key management compensation is as follows:

Paid or accrued to:	Nature of transactions	For the year ended November 30, 2015	For the year ended November 30, 2014
Directors and Officers	Management ⁱ⁾	\$ 60,000	\$ 85,000
A company controlled by a Director and Officer	Management	<u>220,000</u>	<u>220,000</u>
		<u>\$ 280,000</u>	<u>\$ 305,000</u>

i) There were no post-employment benefits, termination benefits, or other long-term employment benefits paid to key management in either the year ended November 30, 2015 or 2014.

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Key management personnel is defined as those persons having authority and responsibility for planning, directing and controlling activities of the Company, directly or indirectly including any director (whether executive or otherwise) of the Company. The Company's key management personnel include the Chief Executive Officer and Directors.

The amounts due to related parties included in accounts payable and accrued liabilities are as follows:

	November 30, 2015	November 30, 2014
A firm of which a Director is a partner	\$ 10,000	\$ 24,805
Directors and Officers	-	31,009
A firm of which the Corporate Secretary is a partner	-	1,153
	<hr/>	<hr/>
	\$ 10,000	\$ 56,967

CHANGES IN ACCOUNTING POLICIES

New and amended standards adopted by the Company during the year:

The following new and amended standards adopted by the Company did not result in a significant impact on the Company's financial statements:

The following new and amended standards adopted by the Company effective December 1, 2014 did not result in a significant impact on the Company's financial statements:

- 1) Amendments to IAS 32, Financial Instruments: Presentation, provide clarification on the application of offsetting rules.
- 2) Amendments to IAS 36, Impairment of Assets, clarify the recoverable amount disclosures for non-financial assets, including additional disclosures about the measurement of the recoverable amount of impaired assets when the recoverable amount was based on fair value less costs of disposal.
- 3) Amendments to IAS 24, Related Party Disclosures, clarify that a management entity, or any member of a group of which it is a part, that provides key management services to a reporting entity, or its parent, is a related party of the reporting entity. The amendments also require an entity to disclose amounts incurred for key management personnel services provided by a separate management entity. This replaces the more detailed disclosure by category required for other key management personnel compensation.
- 4) Amendments to IFRS 8, Operating Segments, requires disclosure of the judgments made by management in applying the aggregation criteria to operating segments, and clarifies that reconciliations of segment assets are only required if segment assets are reported regularly.
- 5) Amendments to IFRS 13, Fair Value Measurement, clarifies that the scope of the portfolio exception defined in paragraph 52 of IFRS 13 includes all contracts accounted for within the scope of IAS 39 Financial Instruments: Recognition and Measurement or IFRS 9 Financial Instruments, regardless of whether they meet the definition of financial assets or financial liabilities as defined in IAS 32 Financial Instruments: Presentation. This amendment also clarifies that issuing IFRS 13 and amending IFRS 9 and IAS 39 did not remove the ability to measure short-term receivables and payables with no stated interest rate at their invoice amounts without discounting if the effect of not discounting is immaterial.

New accounting pronouncements

The following standards have not yet been adopted and are being evaluated to determine their impact on the Company's financial statements. The Company plans to adopt these standards as soon as they become effective for the Company's reporting period.

- 1) New standard IFRS 9, Financial Instruments, classification and measurement is the first part of a new standard on classification and measurement of financial assets that will replace IAS 39, "Financial Instruments: Recognition and Measurement." IFRS 9 has two measurement categories: amortized cost and fair value. All equity instruments are measured at fair value. A debt instrument is at amortized cost only if the entity is holding it to collect contractual cash flows and the cash flows represent principal and interest. Otherwise it is at fair value through profit and loss. This standard is effective for years beginning on or after January 1, 2018.
- 2) Amendments to IFRS 5, Non-current Assets Held for Sale and Discontinued Operations, clarifies circumstances in which an entity reclassifies an asset (or disposal group) from held for sale to held for distribution (or vice versa), and in circumstances which an entity no longer meets the criteria for held for distribution. This standard is effective for reporting periods beginning on or after January 1, 2016.
- 3) New standard IFRS 15, Revenue from Contracts with Customers, provides a single principle-based framework to be applied to all contracts with customers. IFRS 15 replaces the previous revenue standard IAS 18, Revenue, and the related Interpretations on revenue recognition. The standard scopes out contracts that are considered to be lease contracts, insurance contracts and financial instruments. The new standard is a control-based model as compared to the existing revenue standard which is primarily focused on risks and rewards. Under the new standard, revenue is recognized when a customer obtains control of a good or service. Transfer of control occurs when the customer has the ability to direct the use of and obtain the benefits of the good or service. This standard is effective for reporting periods beginning on or after January 1, 2018.
- 4) New standard IFRS 16, Leases, specifies how an IFRS reporter will recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17. This standard is effective for reporting periods beginning on or after January 1, 2019.

FINANCIAL INSTRUMENTS AND RISK

Fair value

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;

Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and

Level 3 – Inputs that are not based on observable market data.

The fair value of the Company's cash and cash equivalents, receivables and accounts payable and accrued liabilities approximate their carrying values. The Company's investment in Mobius Resources Inc. shares was measured at fair value using Level 1 inputs.

Financial risk factors

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

Credit risk

Credit risk is the risk of loss associated with counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to trade receivable and cash and cash equivalents. Management believes that the credit risk

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concentration with respect to trade receivable is not significant and cash and cash equivalents is remote as it maintains accounts with highly-rated financial institutions.

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 November 30, 2015, the Company had a cash and cash equivalents balance of \$3,121,672 (November 30, 2014 - \$3,677,378) to settle current liabilities of \$198,507 (November 30, 2014 - \$304,294). 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's cash equivalents consist of cashable GIC of \$Nil (November 30, 2014 - \$150,000) at interest rates of N/A (November 30, 2014 - prime less 1.85%) and a term deposit of \$2,965,000 (November 30, 2014 - \$3,500,000) at an interest rate of 0.65% (November 30, 2014 - 1.35%). Since the GIC and term deposit are cashable anytime, the Company believes it is not exposed to significant interest rate risk. The interest rate risk on the Company's obligations is not considered significant.

b) *Foreign currency risk*

The Company conducts its activities in Canada with Canadian dollars. Therefore, the Company believes it is not exposed to foreign currency risk.

c) *Price risk*

The Company has limited exposure 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.

CAPITAL MANAGEMENT

The Company's objective when managing capital is to safeguard the entity's ability to continue as a going concern.

In the management of capital, the Company monitors its adjusted capital which comprises all components of equity (ie. capital stock, treasury stock, reserves, accumulated other comprehensive income or loss and retained earnings or deficit).

The Company sets the amount of capital in proportion to risk. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may issue common shares through private placements. The Company is not exposed to any externally imposed capital requirements.

There were no changes in the Company's approach to capital management during the year ended November 30, 2015.

OUTSTANDING SHARE DATA

As at March 10, 2016:

- a) Authorized: unlimited number of common shares without par value
- b) Issued and outstanding: 15,903,748 common shares.

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c) Outstanding incentive stock options:

Expiry Date	Exercise Price	November 30, 2014	Granted	Expired/cancelled	Exercised	November 30, 2015	Exercisable
May 27, 2015	\$ 0.17	600,000	-	(600,000)	-	-	-
May 25, 2017	0.24	225,000	-	-	-	225,000	225,000
Total		825,000	-	(600,000)	-	225,000	225,000
Weighted average exercise price		\$ 0.19	-	\$ 0.17	-	\$ 0.24	\$ 0.24
Weighted average remaining contractual life						1.48 years	

d) Outstanding warrants: Nil.

e) Shares in escrow or pooling agreements: Nil.

Off-balance Sheet Arrangements

The Company has no off-balance sheet arrangements.

Shareholder Rights Plan

At the annual and special meeting of the shareholders of the Corporation held on July 15, 2010, the shareholders of the Company have ratified the Company's Share Holder Rights Plan dated effective June 17, 2010 (the "Plan").

The Plan is designed to ensure the fair treatment of shareholders in connection with any take-over bid for outstanding common shares of the Company. The Plan seeks to provide shareholders with adequate time to properly assess a take-over bid without undue pressure. It also provides the Board of Directors with adequate time to fully assess an unsolicited take-over bid, to allow competing bids to emerge, and, if applicable, to explore other alternatives to the take-over bid to maximize shareholder value.

The Plan is not intended to prevent or deter take-over bids that treat shareholders fairly. Under the Plan, those bids that meet certain requirements intended to protect the interests of all shareholders are deemed to be "Permitted Bids". Permitted Bids must be made by way of a take-over bid circular prepared in compliance with applicable securities laws and, among other conditions, must remain open for 60 days.

Under the terms of the Plan, one right will be issued by the Company for each outstanding common share at the close of business on June 17, 2010, and for each of the Company's common share issued in future (subject to the terms of the Plan). In the event a take-over bid does not meet the Permitted Bid Requirements of the Plan, the rights will entitle shareholders, other than any shareholder or shareholders making the take-over bid, to purchase additional common shares of the Corporation at a substantial discount to the market price of the common share at that time. The Plan has an initial term of three years.

The Company is not adopting a Plan in response to any proposal to acquire control of the Corporation. The Plan is similar to plans adopted by other Canadian companies and ratified by their shareholders. The plan was approved by the TSX Venture Exchange, effective June 17, 2010.

ABBREVIATIONS

Oil and Natural Gas Liquids

bbls	Barrels
mbbls	thousand barrels
bbls/d	barrels of oil per day
BOE/d	barrels of oil equivalent per day
NGLs	natural gas liquids (consisting of any one or more of propane, butane and condensate thousand stock tank barrels of oil)
bpd	barrels of production per day

Natural Gas

mcf	thousand cubic feet
mmcf	million cubic feet
mcf/d	thousand cubic feet per day
m3	cubic meters

OTHER

BOE Presentation – For the purposes of calculating unit costs, natural gas is converted to a barrel of oil equivalent (BOE) using six thousand cubic feet equal to one BOE unless otherwise stated. A BOE is a very approximate comparative measure that, in some cases, could be misleading, particularly if used in isolation.

BOE means barrels of oil equivalent. A barrel of oil equivalent is determined by converting a volume of natural gas to barrels using the ration of six (6) mcf to one (1) barrel. BOEs may be misleading, particularly if used in isolation. The BOE conversion ration of six (6) mcf: one (1) bbl is based on an energy equivalency methods primarily applicable at the burner tip and does not represent a value equivalency at the wellhead.

GORR means gross overriding royalty

ARTC Alberta Royalty Tax Credit

CONVERSION

The following table sets forth certain standard conversions between Standard Imperial Units and the International System of Units (or metric units).

<u>To Convert From</u>	<u>To</u>	<u>Multiply By</u>
mcf	Cubic meters	28.174
cubic meters	Cubic feet	35.494
bbls	Cubic meters	0.159
feet	meters	0.305
acres	hectares	0.405