

COBRA VENTURE CORPORATION

MANAGEMENT'S INTERIM DISCUSSION AND ANALYSIS

FOR THE THREE MONTH PERIOD ENDED FEBRUARY 28, 2018

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DESCRIPTION OF BUSINESS

The following management discussion and analysis of the financial results for the three month period ended February 28, 2018 ("MD&A"), as provided by the management of Cobra Venture Corporation (the "Company"), should be read together with the Company's unaudited interim financial statements for the three month period ended February 28, 2018, which are prepared in accordance with International Accounting Standard 34 ("IAS 34") – Interim Financial Reporting and the audited annual financial statements for the year ended November 30, 2017 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 April 25, 2018.

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 period ended November 30, 2017, and up to April 25, 2018:

- On April 20, 2018, the Company announced that in connection with the recent appointment of Stuart R. Ross as a director of the Company, the Company in accordance with the terms of its stock option plan, granted 100,000 incentive stock options to Mr. Ross at an exercise price of \$0.105 per share for a term of 5 years.
- On February 6, 2018, the Company announced the resignation of S. Reid MacDonald as a director of the Company, effective January 30, 2018. The Company wishes to thank Reid for his dedication and service as a member of the Company's Board of Directors. The Company also announced the appointment of Stuart R. Ross to the Board. Stuart has had a distinguished career as a senior officer and director of several public companies, including companies listed on the NASDAQ and TSX Venture exchanges. His sector experience includes mining, beverage production and distribution, medical services, gaming and merchant banking, including 17 years as a senior officer and director of Clearly Canadian Beverage Corp (1986 to 2003). Most recently, Stuart was President and CEO of El Tigre Silver Corporation, a TSX Venture listed silver exploration company (2007 to 2015) and is presently the CEO and President of Cardero Resource Corp.

RESULTS OF OPERATIONS FOR THE THREE MONTH PERIOD ENDED FEBRUARY 28, 2018

Oil and gas revenue for the three month period ended February 28, 2018 was \$134,991 compared to \$156,293 in the comparative three month period ended February 28, 2017. The decrease in production revenue was primarily due to the decrease in production revenue from the Gull Lake property.

Direct costs for the three month period ended February 28, 2018 were \$98,886 compared to \$127,221 in the comparative three month period ended February 28, 2017. The decrease was primarily a result of differences in depletion base used upon revisions from the technical reports completed for the year ended November 30, 2017.

Operating expenses for the three month period ended February 28, 2018 were \$120,810 compared to \$129,067 in the comparative three month period ended February 28, 2017. Expenses were comparable and did not fluctuate significantly in the first quarter with the decrease mainly due to a reduction of consulting fees.

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.

During the period ended February 28, 2018, the Company recorded \$23,726 (2017 - \$16,049) 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.

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 November 30, 2017, the Company participated in seven wells (2016 – seven).

During the year ended November 30, 2015, the Company recorded an impairment charge of \$664,978 on the property due to a sustained decline in forecasted crude oil prices. 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, 2016, the Company recorded an impairment charge on the property of \$98,917 due to a sustained decline in forecasted crude oil and natural gas prices.

During the period ended February 28, 2018, the Company recorded \$111,265 (2017 - \$140,243) in production revenue.

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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 February 28, 2018, the Company had working capital of 2,279,686 compared to \$2,329,829 as at November 30, 2017. As at February 28, 2018, the Company had cash and cash equivalents of \$2,207,845 compared to \$2,229,293 as at November 30, 2017, which included a term deposit of \$2,205,000 (November 30, 2017 - \$2,215,000) at an interest rate of 0.55% (November 30, 2017 - 0.65%).

Net cash used in operating activities for the period ended February 28, 2018 was \$20,652 (2017 - \$15,634) consisting primarily of the operating loss.

Net cash used in investing activities for the period ended February 28, 2018 was \$796 (used in 2017 - \$9,989) consisting primarily of exploration and evaluation expenditures for the current period.

INVESTMENT

	February 28, 2018	November 30, 2017
Shares in Star Valley Drilling Ltd.	\$ 350,000	\$ 350,000

At February 28, 2018, the Company had 350,000 shares (November 30, 2017 - 350,000) of Star Valley Drilling Ltd, a privately-owned company, valued at \$350,000 (November 30, 2017 - \$350,000) classified as available-for-sale investment. As there is no quoted market price in an active market for the investment, the investment is carried at cost.

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, 2017	Year Ended November 30, 2016	Year Ended November 30, 2015
Total revenues	\$ 641,244	\$ 458,583	\$ 301,355
Total other items	12,489	422,574	(889,162)
Income (loss) before income taxes	(436,043)	(376,105)	(1,523,334)
Basic and diluted earnings (loss) per share	(0.03)	(0.03)	(0.09)
Comprehensive income (loss)	(436,043)	(398,108)	(1,364,527)
Total assets	3,564,535	4,002,172	5,193,221
Working capital	2,329,829	2,684,351	3,485,793
Cash dividends	-	-	-

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SUMMARY OF QUARTERLY RESULTS

	February 28, 2018	November 30, 2017	August 31, 2017	May 31, 2017
Total assets	\$ 3,498,475	\$ 3,564,535	\$ 3,639,852	\$ 3,778,951
Property and equipment	804,416	835,651	852,180	839,146
Working capital	2,279,716	2,329,829	2,342,954	2,444,602
Equity	3,287,748	3,369,286	3,439,167	3,591,205
Total revenues	134,991	225,061	119,094	140,796
Total other items	3,167	215	3,190	5,014
Operating expenses	120,810	137,327	144,912	145,966
Income (loss) before income taxes	(81,538)	(69,881)	(152,038)	(118,199)
Basic and diluted income (loss) per share	(0.01)	(0.00)	(0.01)	(0.01)

	February 28, 2017	November 30, 2016	August 31, 2016	May 31, 2016
Total assets	\$ 3,910,126	\$ 4,002,172	\$ 4,271,701	\$ 4,488,413
Property and equipment	865,652	907,944	1,077,836	1,152,025
Working capital	2,630,869	2,684,351	2,773,507	2,885,268
Equity	3,709,404	3,805,329	4,069,182	4,258,710
Total revenues	156,293	124,975	124,723	94,050
Total other items	4,070	(61,019)	3,836	474,899
Operating expenses	129,067	139,815	166,665	258,602
Income(loss) before income taxes	(95,925)	(241,850)	(189,528)	175,495
Basic and diluted income (loss) per share	(0.01)	(0.02)	(0.01)	0.01

RELATED PARTY TRANSACTIONS

Amounts paid or accrued to related parties are as follows:

Paid or accrued to:	Nature of transactions	February 28, 2018	February 28, 2017
A limited partnership of which a Director is a partner	Rent	\$ 7,234	\$ 6,070
		\$ 7,234	\$ 6,070

Key management compensation is as follows:

Paid or accrued to:	Nature of transactions	February 28, 2018	February 28, 2017
Directors and Officers	Management ⁽ⁱ⁾	\$ 5,000	\$ 15,000
A company controlled by a Director and Officer	Management	55,000	55,000
A company controlled by a Director and Officer	Professional fees	9,000	-
		\$ 69,000	\$ 70,000

i) There were no post-employment benefits, termination benefits, or other long-term employment benefits paid to key management in either the period ended February 28, 2018 and for the year ended November 30, 2017.

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.

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

	Nature of transactions	February 28, 2018	November 30, 2017
A firm of which a Director is a partner	Professional fees	\$ -	\$ 10,000
A company controlled by a Director and Officer	Professional fees	\$ 6,000	\$ 6,000

Included in receivables was an amount due from a company with common directors \$28,505 (November 30, 2017 - \$28,505).

CHANGES IN ACCOUNTING POLICIES

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) 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.
- 3) 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.

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The carrying value of the Company's financial assets and liabilities approximates their fair value and amortized cost due to their short term maturity or capacity of prompt liquidation.

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 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 February 28, 2018, the Company had a cash and cash equivalents balance of \$2,207,845 (November 30, 2017 - \$2,229,293) to settle current liabilities of \$64,343 (November 30, 2017 - \$49,055). 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 a term deposit of \$2,205,000 (November 30, 2017 - \$2,215,000) at an interest rate of 0.55% (November 30, 2017 - 0.65%). Since the term deposit is 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.

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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 (i.e. capital stock, reserves, and retained earnings).

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 period ended February 28, 2018.

OUTSTANDING SHARE DATA

As at April 25, 2018:

- a) Authorized: unlimited number of common shares without par value
- b) Issued and outstanding: 15,903,748 common shares.
- c) Outstanding incentive stock options: 1,365,000 options outstanding at an exercise price of \$0.105 per option which will expire on May 11, 2021 and 100,000 options outstanding at an exercise price of \$0.105 per option which will expire on April 16, 2023.
- d) Outstanding warrants: Nil.
- e) Shares in escrow or pooling agreements: Nil.

Off-balance Sheet Arrangements

The Company has no off-balance sheet arrangements.

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