

COBRA VENTURE CORPORATION

**INTERIM FINANCIAL STATEMENTS
(Unaudited – Prepared by Management)**

THREE MONTHS ENDED FEBRUARY 28, 2009

UNAUDITED INTERIM FINANCIAL STATEMENTS

In accordance with National Instrument 51-102 released by the Canadian Securities Administrators, the Company discloses that its auditors have not reviewed the unaudited financial statements for the three month period ended February 28, 2009.

COBRA VENTURE CORPORATION
BALANCE SHEETS
(Unaudited – Prepared by Management)

	February 28, 2009	November 30, 2008
ASSETS		
Current		
Cash	\$ 900,068	\$ 1,784,900
Receivables	150,897	262,378
Prepaid expenses	24,771	25,620
Income tax receivable	<u>107,727</u>	<u>62,907</u>
	1,183,463	2,135,805
Investment (Note 4)	250,000	250,000
Equipment (Note 5)	3,861	4,174
Petroleum and natural gas interests (Note 6)	<u>1,310,657</u>	<u>1,334,564</u>
	<u>\$ 2,747,981</u>	<u>\$ 3,724,543</u>

LIABILITIES AND SHAREHOLDERS' EQUITY

Current		
Accounts payable and accrued liabilities	\$ 125,894	\$ 1,029,983
Asset retirement obligation (Note 11)	17,219	16,800
Future income taxes	<u>375,300</u>	<u>375,300</u>
	<u>518,413</u>	<u>1,422,083</u>
Shareholders' equity		
Capital stock (Note 7)	3,616,027	3,616,027
Contributed surplus (Note 7)	223,898	201,619
Deficit	<u>(1,610,357)</u>	<u>(1,515,186)</u>
	<u>2,229,568</u>	<u>2,302,460</u>
	<u>\$ 2,747,981</u>	<u>\$ 3,724,543</u>

Nature and continuance of operations (Note 2)

Subsequent event (Note 15)

On behalf of the Board:

"Daniel B. Evans"

Director

"Cyrus Driver"

Director

The accompanying notes are an integral part of these financial statements.

COBRA VENTURE CORPORATION
STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME (LOSS) AND DEFICIT
(Unaudited – Prepared by Management)

	Three Month Period Ended February 28, 2009	Three Month Period Ended February 29, 2008
OIL AND GAS REVENUE	<u>\$ 84,066</u>	<u>\$ 253,593</u>
DIRECT COSTS		
Production and operation costs	208	-
Depletion	<u>25,600</u>	<u>15,310</u>
	<u>25,808</u>	<u>15,310</u>
Gross profit	<u>58,258</u>	<u>238,283</u>
EXPENSES		
Accretion expense (Note 11)	419	-
Amortization	313	579
Consulting fees	14,709	18,478
Corporate services	3,600	10,500
Management fees	38,000	36,000
Media and website	6,107	12,553
Mineral rights tax	-	1,150
Office and miscellaneous	1,279	11,884
Professional fees	52,912	24,605
Rent	14,569	300
Stock-based compensation (Note 8)	22,279	36,359
Transfer agent and regulatory fees	6,942	5,735
Travel and promotion	<u>4,229</u>	<u>4,086</u>
	<u>(165,358)</u>	<u>(162,229)</u>
Income (loss) before other items	<u>(107,100)</u>	<u>76,054</u>
OTHER ITEMS		
Gain on sale of leased land (Note 6)	-	330,737
Lease income	-	50,680
Interest income	<u>11,929</u>	<u>13,887</u>
	<u>11,929</u>	<u>395,304</u>
Income (loss) before income taxes	(95,171)	471,358
Future income tax recovery (provision)	-	(100,000)
Income tax expense	<u>-</u>	<u>-</u>
Income (loss) and comprehensive income (loss) for the period	(95,171)	371,358
Deficit, beginning of period	<u>(1,515,186)</u>	<u>(2,043,832)</u>
Deficit, end of period	<u>\$ (1,610,357)</u>	<u>\$ (1,672,474)</u>
Basic and diluted income (loss) per share	<u>\$ (0.01)</u>	<u>\$ 0.03</u>

The accompanying notes are an integral part of these financial statements.

COBRA VENTURE CORPORATION
STATEMENTS OF CASH FLOWS
(Unaudited – Prepared by Management)

	Three Month Period Ended February 28, 2009	Three Month Period Ended February 29, 2008
CASH FLOWS FROM OPERATING ACTIVITIES		
Income (loss) for the period	\$ (95,171)	\$ 371,358
Items not involving cash:		
Amortization	313	579
Depletion	25,600	15,310
Stock-based compensation	22,279	36,359
Gain from sale of leased land	-	(330,737)
Future income tax provision recovery (expense)	-	100,000
Changes in non-cash working capital items:		
Decrease in receivables	127,570	10,237
(Increase) decrease in prepaid expenses	849	(1,188)
Increase (decrease) in accounts payable and accrued liabilities	(10,929)	30,553
Increase in income tax payable	-	106,808
Increase in income tax receivable	(44,820)	(15,528)
Cash provided by operating activities	<u>25,691</u>	<u>323,751</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Petroleum and natural gas expenditures	(910,523)	(271,659)
Proceeds from sale of leased land	<u>-</u>	<u>790,000</u>
Cash provided by (used in) investing activities	<u>(910,523)</u>	<u>518,341</u>
CASH FLOWS FROM FINANCING ACTIVITY		
Common shares issued for cash	-	492,975
Share subscriptions received	<u>-</u>	<u>-</u>
Cash provided by financing activities	<u>-</u>	<u>492,975</u>
Change in cash	(884,832)	1,335,067
Cash, beginning of period	<u>1,784,900</u>	<u>878,075</u>
Cash, end of period	<u>\$ 900,068</u>	<u>\$ 2,213,142</u>
Cash paid for interest	\$ -	\$ -
Cash paid for income taxes	-	-

Supplemental disclosure with respect to cash flows (Note 10)

The accompanying notes are an integral part of these financial statements.

COBRA VENTURE CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
(Unaudited – Prepared by Management)
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1. BASIS OF PRESENTATION

The interim period financial statements have been prepared by the Company in accordance with Canadian generally accepted accounting principles. All financial summaries included are presented on a comparative and consistent basis showing the figures for the corresponding period in the preceding year. The preparation of financial data is based on accounting principles and practices consistent with those used in the preparation of annual financial statements except as disclosed in Note 2. Certain information and footnote disclosure normally included in financial statements prepared in accordance with generally accepted accounting principles has been condensed or omitted. These interim period statements should be read together with the audited financial statements and the accompanying notes included in the Company's latest annual filing. In the opinion of the Company, its unaudited interim financial statements contain all adjustments necessary in order to present a fair statement of the results of the interim periods presented.

2. NATURE AND CONTINUANCE OF OPERATIONS

The Company was incorporated under the Business Corporation Act (Alberta) on August 18, 1998 and its principal business activity is the exploration and development of petroleum and natural gas interests.

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles with the assumption that the Company will be able to realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation. Continued operations of the Company are dependent on the Company's ability to receive continued financial support, complete public equity financing, or generate profitable operations in the future. These financial statements do not include any adjustments to the amounts and classifications of assets and liabilities that might be necessary should the company be unable to continue business.

	February 28, 2009	November 30, 2008
Working capital	\$ 1,041,480	\$ 1,105,822
Deficit	(1,610,357)	(1,515,186)

3. SIGNIFICANT ACCOUNTING POLICIES

New accounting policies

Assessing going concern

Effective December 1, 2008 the Company implemented 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. The adoption of this section did not have an impact on the Company's financial results.

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3. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)

Recent accounting pronouncements

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 December 1, 2011 will require the restatement for comparative purposes of amounts reported by the Company for the year ended November 30, 2011. 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.

4. INVESTMENT

	February 28, 2009	November 30, 2008
Shares in a private company (measured at cost)	\$ 250,000	\$ 250,000

The Company holds 250,000 shares of a private company (November 30, 2008 – 250,000) representing a 4.5% (November 30, 2008 – 4.5%) interest in that company, which is related by virtue of a common director. The shares are being carried at cost because, without an active market for shares of a private company, fair value cannot be measured reliably.

5. EQUIPMENT

	February 28, 2009			November 30, 2008		
	Cost	Accumulated Amortization	Net Book Value	Cost	Accumulated Amortization	Net Book Value
Computer hardware	\$ 13,636	\$ 9,775	\$ 3,861	\$ 13,636	\$ 9,462	\$ 4,174
Computer software	12,860	12,860	-	12,860	12,860	-
Furniture and equipment	684	684	-	684	684	-
	\$ 27,180	\$ 23,319	\$ 3,861	\$ 27,180	\$ 23,006	\$ 4,174

COBRA VENTURE CORPORATION
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6. PETROLEUM AND NATURAL GAS INTERESTS

Balance, November 30, 2007	\$ 521,992
Acquisition costs	77,143
Deferred costs:	
Equipment	74,403
Engineering and consulting	12,135
Drilling	708,051
Geological fees	23,551
Geophysical services	3,006
Surface location costs	3,000
Completion costs	414,985
Sale of leased land	(459,263)
Depletion	(61,239)
Asset retirement obligations	<u>16,800</u>
Balance, November 30, 2008	1,334,564
Deferred costs:	
Engineering and consulting	8,801
Equipment	1,902
Depletion	(25,600)
Drilling costs (recovery)	(9,396)
Geological fees	1,031
Other	<u>(645)</u>
Balance, February 28, 2009	<u>\$ 1,310,657</u>

Viewfield area, Saskatchewan

On October 10, 2002, the Company completed an 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 region 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.

The Company entered into several leases on portions of the Company’s freehold acreage in the Viewfield area, Saskatchewan totaling approximately 1,440 acres. These leases have terms varying from six months to two years. The Company is currently receiving fee simple royalty and rental revenue from 3 wells drilled in 2004.

On May 27, 2005, the Company entered into a sale agreement, for the sale of a non-producing undivided four-fifths 1,440 gross (1,152 net) acres situated in the Province of 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 the freehold properties represented approximately 39 percent of the Company’s non-producing Saskatchewan landholdings.

6. PETROLEUM AND NATURAL GAS INTERESTS (cont'd...)

Viewfield area, Saskatchewan (cont'd...)

During the year ended November 30, 2007, the Company entered into a multi-well farmout with a privately owned, Calgary based oil exploration company Acero Energy Inc. (“Acero”). The Company has an average 75% working interest in all of the combined lands in the farmout, and has negotiated a gross overriding royalty of 16% with no deductions on all production achieved on the subject lands.

During the year ended November 30, 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 \$330,737.

During the period ended February 28, 2009, the Company received \$69,664 in royalty revenue.

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 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 sections or approximately 4,480 acres.

The Company issued 100,000 shares as finder’s fee valued at \$15,000 during the year ended November 30, 2006.

The Company has earned a 27% working interest in two natural gas wells and is receiving production revenue from both wells. The Company also has 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 the period ended February 28, 2009, the Company received \$14,402 in production revenue.

Alderson area, Alberta

During the year ended November 30, 2007, the Company acquired a 50% net working interest in 320 acres of land in Central Alberta for \$77,215.

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.

Iosegun area, Alberta

During the year ended November 30, 2007, the Company acquired a 20% net working interest in 160 acres of land in Central Alberta for \$15,543.

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6. PETROLEUM AND NATURAL GAS INTERESTS (cont'd...)

Morinville area, Alberta

During the year ended November 30, 2008, the Company acquired a 40% net working interest in a 5 year crown lease for \$73,675 and annual rental fees. The lease is for one section of land in Central Alberta.

Inga area N.E. British Columbia

During the year ended November 30, 2006, the Company acquired a 5 year crown lease of one section of land in Northeastern British Columbia for annual rental fees. The Company's net working interest is 75%.

7. CAPITAL STOCK AND CONTRIBUTED SURPLUS

Authorized:

Unlimited number of common voting shares

Unlimited number of preferred shares, issuable in series

Issued:

	February 28, 2009			November 30, 2008		
	Shares	Amounts	Contributed Surplus	Shares	Amounts	Contributed Surplus
Balance, beginning of period	14,940,750	\$ 3,616,027	\$ 201,619	13,135,750	\$ 3,240,052	\$ 112,076
Issued for:						
Private placement	-	-	-	1,000,000	300,000	-
Warrants exercised	-	-	-	386,500	154,600	-
Stock options exercised	-	-	-	418,500	63,375	-
Stock-based compensation	-	-	22,279	-	-	89,543
Future income taxes on exploration expenditures renounced	-	-	-	-	(142,000)	-
Balance, end of period	14,940,750	\$3,616,027	\$ 223,898	14,940,750	\$3,616,027	\$ 201,619

During the year ended November 30, 2008, the Company:

- a) issued 386,500 common shares on exercise of flow-through warrants for gross proceeds of \$154,600, \$25,000 of which was received prior to December 1, 2007;

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7. CAPITAL STOCK AND CONTRIBUTED SURPLUS (cont'd...)

Issued: (cont'd...)

- b) issued 418,500 common shares on exercise of stock options for gross proceeds of \$63,375; and
- c) issued 1,000,000 flow-through units pursuant to a non-brokered private placement for gross proceeds of \$300,000. Each unit consisted of one flow through common share and one non-flow through common share purchase warrant enabling the holder to purchase an additional common share at \$0.35 per share until December 13, 2009.
- d) renounced \$454,600 of property expenditures to flow-through share subscribers resulting in share issue costs and a future tax liability of \$142,000.

8. STOCK OPTIONS AND WARRANTS

The Company has a stock option plan in place under which it is authorized to grant options to executive officers and directors, employees and consultants enabling them to acquire up to 20% of the issued and outstanding common stock of the Company. Under the plan, the exercise price of each option equals the market price of the Company's stock as calculated on the date of grant. Options vest as determined by the board of directors. The options can be granted for a maximum term of 5 years.

As at February 28, 2009, the following incentive stock options and share purchase warrants are outstanding:

	Number of Shares	Exercise Price	Expiry Date
Options	500,000	0.15	October 25, 2010
	300,000	0.20	December 9, 2010
	100,000	0.23	May 15, 2009
	5,000	0.27	June 19, 2012
	500,000	0.34	December 18, 2012
Warrants	1,000,000	0.35	December 13, 2009

COBRA VENTURE CORPORATION
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8. STOCK OPTIONS AND WARRANTS (cont'd...)

Stock option transactions are as follows:

	Number of Options	Weighted Average Exercise Price
Balance outstanding, November 30, 2007	1,333,500	\$ 0.17
Options granted	500,000	0.34
Options exercised	(418,500)	0.15
Options expired	<u>(10,000)</u>	0.15
Balance, November 30, 2008 and February 28, 2009	1,405,000	\$ 0.23
Exercisable and outstanding	1,280,000	\$ 0.22

Stock-based compensation

During the period ended February 28, 2009, the Company granted 500,000 stock options, which were valued at \$22,279 (2008 - \$32,151) using the Black-Scholes option pricing model. A total amount of \$84,716 was recognized as expense during the period ended February 28, 2009 for the vested portion of these options.

During the year ended November 30, 2007, the Company granted 110,000 stock options, which were valued at \$9,899 using the Black-Scholes option pricing model. A total amount of \$4,208 was recognized as expense during the period ended February 29, 2008 for the vested portions of these options.

The following weighted average assumptions were used for the Black-Scholes valuation of stock options and warrants granted during the:

	Three Month Period Ended February 28, 2009	Three Month Period Ended February 29, 2008
Risk-free interest rate	-	3.86 %
Expected life of options	-	5 years
Annualized volatility	-	78.76 %
Dividend rate	-	0 %

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8. STOCK OPTIONS AND WARRANTS (cont'd...)

Warrants

The following is a summary of warrant transactions during the period:

	Number of Shares	Weighted Average Exercise Price
Outstanding at November 30, 2007	1,037,500	\$ 0.40
Issued	1,000,000	0.35
Exercised	(386,500)	0.40
Expired	<u>(651,000)</u>	0.35
Outstanding November 30, 2008 and February 28, 2009	<u>1,000,000</u>	<u>\$ 0.35</u>

9. 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 period ended February 28, 2009, the Company paid or accrued:

- i) \$14,569 (2008 - \$300) in rent to a company owned by a director and \$16,311 (2007 - \$NIL) in rent to a company in which a director and officer hold an interest.
- ii) \$36,000 (2008 - \$36,000) in management fees to a company owned by a director and officer of the Company.
- iii) \$2,000 (2008 - \$2,000) in directors fees, disclosed as management fees, to directors and officers of the Company.
- iv) \$3,600 (2008 - \$10,500) in administrative fees disclosed as office and miscellaneous to a company owned by a director of the Company.
- v) \$1,752 (2008 - \$925) in professional fees to a firm in which an officer of the Company is partner.
- vi) \$37,600 (2008 - \$7,500) in professional fees to a firm in which a director of the Company is a partner.

Included in accounts payable is \$44,300 (November 30, 2008 - \$30,000) due to a firm in which a director of the Company is a partner and \$2,000 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.

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10. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

During the quarter ended February 28, 2009, the Company had the following significant non-cash transactions:

- a) At February 28, 2009 accounts payable and accrued liabilities included \$11,807 (November 30, 2008 - \$904,548) of petroleum and natural gas expenditures.

During the quarter ended February 28, 2008, significant non-cash transactions for the Company:

- a) included in accounts receivable at February 28, 2008 were \$167,069 related to oil and natural gas royalty revenue;
- b) included in accrued liabilities at February 28, 2008 were \$17,142 of oil and natural gas costs; and
- c) allocating \$25,000 subscriptions received in advance to capital stock.

11. ASSET RETIREMENT OBLIGATION

	February 28, 2009	November 30, 2008
Balance, beginning of period	\$ 16,800	\$ -
Liabilities incurred	-	16,800
Accretion	<u>419</u>	<u>-</u>
Balance, end of period	<u>\$ 17,219</u>	<u>\$ 16,800</u>

The total future asset retirement obligations were estimated by management based on the Company's interests in all wells, estimated costs to reclaim and abandon wells, and the estimated timing of costs to be incurred in future periods. The undiscounted amount of the estimated cash flows required to settle the obligation is approximately \$70,000. The estimated cash flow has been discounted using a credit-adjusted risk free rate of 10%. The estimated settlement ranges to a maximum of fifteen years.

12. FINANCIAL INSTRUMENTS AND RISK

The Company's financial instruments consist of cash, receivables, investment, accounts payable and accrued liabilities. The fair value of these financial instruments approximates their carrying value, unless otherwise noted.

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 believes it has no significant credit risk.

12. FINANCIAL INSTRUMENTS AND RISK (cont'd...)

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, 2009, the Company had a cash balance of \$900,068 (November 30, 2008 - \$1,784,900) to settle current liabilities of \$125,894 (November 30, 2008 - \$1,029,983). 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 cashable GIC's (February 28, 2009 - \$400,000) at prime less 2.25%. The Company is satisfied with the credit ratings of its banks. Since the GIC's are cashable anytime, the Company believes it is not exposed to significant interest rate risk.

(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 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 petroleum and natural gas, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company.

13. SEGMENTED INFORMATION

The Company operates in one business segment, being the exploration and development of petroleum and natural gas interests, in Canada.

14. 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 share capital, contributed surplus and retained earnings).

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14. CAPITAL MANAGEMENT (cont'd...)

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.

15. SUBSEQUENT EVENT

Subsequent to the quarter ended February 28, 2009, the Company granted 1,050,000 stock options exercisable at \$0.16 per option for five years to directors and officers of the Company.