COBRA VENTURE CORPORATION

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE YEAR ENDED NOVEMBER 30, 2013

DESCRIPTION OF BUSINESS

The following management discussion and analysis of the financial results for the year ended November 30, 2013 ("MD&A"), as provided by the management of Cobra Venture Corp. (the "Company") should be read together with the audited annual financial statements 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 24, 2014.

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.](http://www.sedar.com)

PERFORMANCE SUMMARY

The following is a summary of the significant events and transactions that occurred during the year ended November 30, 2013, and up to March 24, 2014:

- 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.

- Entered into a Participation Agreement whereby the Company (and two other arm's length companies) is granted the right to equally participate to drill and complete up to 4 initial test wells (each "Test Well") located in Gull Lake, Saskatchewan.

- Entered into an agreement to sell 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.

- Entered into loan agreements and received loans proceeds totaling $300,000. The loans are for a term of one year with interest of 14% per annum. In connection to the loans, the Company paid $15,000 as a loan facility fee to cover all costs and expenses incurred by the lenders.

The following is a summary of the significant events and transactions that occurred during the year ended November 30, 2012:

- Sold all of its remaining freehold petroleum and natural gas royalty interest in the Viewfield area and recorded a gain of $5,148,348 after closing adjustment of $46,362 in connection with the sale.

- Received and cancelled 1,767,000 common shares of the Company for a fair value of $530,100 in connection with the sale of the Company's interests in the Viewfield area.

- Cancelled 70,000 common shares of the Company held in treasury for $17,884.

- Acquired 100% interest in certain lands and premises located in the Municipal District of Rocky View No.44, in the Province of Alberta, consisting of approximately 15.78 acres, excepting thereout all mines and minerals, for $3,975,000, closing costs of $46,876, for a total of $4,021,876.

RESULTS OF OPERATIONS FOR THE YEAR ENDED NOVEMBER 30, 2013

Oil and gas revenue of continuing operations for the year ended November 30, 2013 was $124,967 compared to $208,974 in the comparative year ended November 30, 2012. The decrease is a result of decreased production revenues in Willesden Green and Davey Lake areas. Oil and gas revenue of discontinued operations for the year ended November 30, 2013 was $Nil compared to $100,705 in the comparative year ended November 30, 2012. The decrease is a result of the Company no longer owning royalty interests in the Viewfield and Pembina areas.

Direct costs of continuing operations for the year ended November 30, 2013 were $132,901 compared to $169,813 in the comparative year ended November 30, 2012. The decrease is primarily a result of decreased production and operation costs and royalties. Direct costs of discontinued operations for the year ended November 30, 2013 were $Nil compared to $29 in the comparative year ended November 30, 2012. The decrease is a result of the Company no longer owning royalty interests in the Viewfield and Pembina areas.

Administrative expenses for the year ended November 30, 2013 were $735,381 compared to $894,748 in the comparative year ended November 30, 2012. The decrease is primarily a result of decreased professional fees as the Company incurred lower legal and accounting fees; decreased consulting fees as fewer consultants were contracted by the Company; and decreased office and miscellaneous expense as the Company incurred lower administrative costs.

PETROLEUM AND NATURAL GAS INTERESTS

Property and Equipment

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. Currently there are 4 sections of land under active mineral leases.

The Company has earned a 27% net working interest in one natural gas well and a 6.67% working interest in another and is receiving production revenue from both wells. The Company also has a 40% net working interest in additional areas within the Pembina property where an additional 10-12 drill targets have been identified and are being evaluated for future development mostly dependent upon the economics dictated by the current price of natural gas.

On July 26, 2010, the Company amended the participation agreement dated February 21, 2006 for a reduction of the original 3% Gross Overriding Royalty ("GOR") to 2.5%

During the year ended November 30, 2012 the Company entered into a Quitclaim, Surrender and Assignment of Interest Agreement with West Isle Energy Inc. according to which the Company agreed to dispose of all of its rights, interests and obligations in the Pembina area and make a one-time payment of $7,955 (paid), and consequently, recorded a write-down of petroleum and natural gas interests of $23,706 net of recovery of decommissioning liabilities for $10,208.

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 acquired an 80% working interest in an oil well located in the Willesden Green area which is subject to applicable royalties. The Company has entered into an arrangement with a private oil and gas operator in the area and the operator has agreed to perform some remedial work in the well and equip 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, 2013, the Company repaid $Nil (2012 - $9,551) in royalty revenue and received $21,606 (2012 - $89,939) 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 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, 2013, the Company received $59,054 (2012 - $116,674) 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) is 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. Based on all 4 Test Wells being drilled, the Company's net earned position would be equal to 14.665% of 1640 acres.

During the year ended November 30, 2013, the Company began drilling the first Test Well and received $44,307 (2012 - $Nil) in production revenue.

Land

During the year ended November 30, 2012, the Company acquired a 100% interest in certain lands and premises located in the Municipal District of Rocky View No. 44, in the Province of Alberta, consisting of approximately 15.78 acres, excepting thereout all mines and minerals, for $3,975,000, and closing costs of $46,876, for a total of $4,021,876.

During the year ended November 30, 2013, the Company entered into an agreement to sell approximately 12.84 acres of the land and consequently reclassified $3,321,551 as assets held for sale. The Company intended to retain ownership to approximately 2.94 acres of the land.

Exploration and evaluation assets

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.

Any new wells drilled under the JOA shall be shared on the after payout interest of the Company for 25.3333%.

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, 2013, the Company had working capital of $705,866 compared to working capital of $1,579,996 as at November 30, 2012. As at November 30, 2013, the Company had cash and cash equivalents of $466,659 compared to $2,681,566 as at November 30, 2012.

Net cash used in operating activities of continuing operations for the year ended November 30, 2013 was $1,805,161 (2012 – $569,947) consisting primarily of the operating loss adjusted by the changes in non-cash items. Net cash provided by operating activities of discontinued operations for the year ended November, 2013 was $Nil (2012 – $100,676) consisting primarily of the operating income adjusted by the changes in income taxes payable.

Net cash used in investing activities of continuing operations for the year ended November, 2013 was $409,746 (2012 – $4,058,474). Net cash provided by investing activities of discontinued operations for the year ended November 30, 2013 was $Nil (2012 – $4,673,537) which in the comparative year consisted of proceeds from the sale of royalty interests in the Viewfield area.

INVESTMENT

	November 30, 2013	November 30, 2012
Shares in Zodiac Exploration Corp.	$ 217,500	$ 308,125

As of November 30, 2013, the Company has 3,625,000 (November 30, 2012 – 3,625,000) shares of Zodiac Exploration Corp., classified as an available-for-sale investment.

During the year ended November 30, 2013, the Company recorded an unrealized loss of $78,844 (2012 – $523,360) to adjust the shares to market value, net of tax recovery of $11,781 (2012 – $74,765) as other comprehensive 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, 2013	Year Ended November 30, 2012	Year Ended November 30, 2011
Total revenues – continuing operations	$ 124,967	$ 208,974	$ 249,648
Total other items – continuing operations	5,356	35,418	(270,964)
Loss before income taxes – continuing operations	(737,959)	(820,169)	(1,179,271)
Basic and diluted loss per share – continuing operations	(0.03)	(0.04)	(0.05)
Comprehensive income (loss)	(613,110)	2,742,718	(1,202,848)
Total assets	5,670,878	7,283,226	4,265,008
Working capital	705,866	1,579,996	2,769,593
Cash dividends	-	-	-

SUMMARY OF QUARTERLY RESULTS

	November 30, 2013	**August 31, 2013**	**May 31, 2013**	**February 28, 2013**
Total assets	$ 5,670,878	$ 5,974,409	$ 5,772,626	$ 6,088,455
Exploration and evaluation assets	96,942	250,860	-	-
Property and equipment	1,128,175	4,197,125	4,201,638	4,203,197
Working capital	705,866	1,013,273	1,318,307	1,441,548
Equity	5,416,687	5,793,539	5,627,436	5,879,597
Total revenues – continuing operations	62,057	23,164	27,308	12,438
Total other items – continuing operations	(4,910)	1,264	2,347	6,655
Operating expenses – continuing operations	227,402	110,267	193,794	203,918
Loss before income taxes – continuing operations	(262,431)	(98,586)	(177,595)	(199,347)
Basic and diluted loss per share	(0.01)	(0.00)	(0.01)	(0.01)

	November 30, 2012	**August 31, 2012**	**May 31, 2012**	**February 29, 2012**
Total assets	$ 7,283,226	$ 7,574,323	$ 7,794,797	$ 7,996,898
Exploration and evaluation assets	-	-	394,019	-
Property and equipment	4,204,457	4,414,869	378,649	387,068
Working capital	1,579,996	1,783,308	5,641,967	6,007,629
Equity	6,019,178	6,268,580	6,449,506	6,686,715
Total revenues – continuing operations	34,275	47,651	61,711	65,337
Total other items – continuing operations	(43,376)	21,265	45,234	12,295
Operating expenses – continuing operations	230,357	210,262	193,636	260,493
Loss before income taxes – continuing operations	(316,299)	(126,355)	(89,204)	(288,311)
Basic and diluted income (loss) per share	(0.00)	(0.01)	(0.00)	0.22

DISCONTINUED OPERATION

Viewfield Area, Saskatchewan

On October 10, 2002, the Company purchased petroleum and natural gas assets consisting of 90% net working interests in 2,880 freehold acres in the Viewfield region of southeast Saskatchewan ("Assets") from Charter Oil Corporation. The Company paid cash of $150,000, issued 400,000 common shares valued at $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.

As at November 30, 2011, the Company entered into a lease agreement with an independent large oil production company, on 160 acres of the Company's lands in the Viewfield area. The lease had a term of two years with a net gross overriding production royalty of 20% to the Company. The Company received a bonus sum of $200,000 in connection with the agreement.

During the year ended November 30, 2012, the Company sold all of its remaining freehold petroleum and natural gas royalty interests in the Viewfield area for an aggregate sale price of $5,250,000.

Proceeds consisted of:

i) $4,719,900 in cash; and

ii) 1,767,000 common shares of the Company with a fair price of $0.30 for a total value of $530,100 returned to treasury and cancelled.

The Company recorded a gain of $5,148,348 after closing adjustments of $46,362 in connection with the sale.

The Company has accounted for the financial results associated with the Viewfield area as discontinued operation in the financial statements and has reclassified the related accounts for the comparative period. Income and cash flows for the operation are reported separately in the financial statements in accordance with IFRS 5: *Non-current Assets Held for Sale and Discontinued Operations*.

There were no assets and liabilities for the discontinued operation as at the reporting date.

Results of discontinued operations comprise the following:

	For the Year Ended November 30, 2013	For the Year Ended November 30, 2012
Revenues	$ -	$ 100,705
Direct costs	-	(29)
Income before other item	-	100,676
Gain on sale of property and equipment	-	5,148,348
Income before income taxes	-	5,249,024
Income tax expense	-	(1,368,027)
Income after taxes from discontinued operations	$ -	$ 3,880,997

ASSETS HELD FOR SALE

On February 25, 2014, the Company entered into an agreement to sell 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. Closing of the sale is subject to certain conditions including receipt of all necessary regulatory approvals, satisfactory due diligence inspection by the purchaser and the purchaser obtaining suitable mortgage financing to complete the transactions on or before sixty days from February 25, 2014. Subsequent to November 30, 2013, the Company received $50,000 refundable deposit in trust, which would be applied to the purchase price upon closing of the transaction. The Company expected the sale to close within fiscal year 2014.

As at November 30, 2013, the 12.84 acres of land for sale met the criteria to be classified as assets held for sale as according to IFRS 5: *Non-current Assets Held for Sale and Discontinued Operations*. As a result, the Company reclassified $3,321,551 from property and equipment (Note 5) to assets held for sale and presented the amount separately under non-current assets in the statements of financial position.

Assets held for sale are as follows:

		November 30, 2013		November 30, 2012
Land	$	3,321,551	$	-

RELATED PARTY TRANSACTIONS

Amounts paid or accrued to related parties are as follows:

Paid to:	Nature of transactions		For the Year Ended November 30, 2013		For the Year Ended November 30, 2012
a limited partnership of which a Director is a partner	Rent	$	53,363	$	53,366
a firm of which a Director is a partner	Accounting		143,200		152,270
a firm of which the Corporate Secretary is a partner (iii)	Legal		14,566		147,696
		$	211,129	$	353,332

Key management compensations are as follows:

Paid to:	Nature of transactions		For the Year Ended November 30, 2013		For the Year Ended November 30, 2012
Salaries and benefits (i)	Management	$	60,000	$	54,000
A company owned by a Director and Officer	Management		220,000		220,000
Share-based payments (ii)			10,619		27,957
		$	290,619	$	301,957

(i) There were no post-employment benefits, termination benefits, or other long-term employment benefits paid to key management in either 2013 or 2012.

(ii) Share-based payments are the fair value of options granted and vested.

(iii) During the year ended November 30, 2013, $Nil (2012 - $1,949) was included in property, plant and equipment and $Nil (2012 - $54,640) in cost of sale of property, plant and equipment.

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, 2013	November 30, 2012
A firm of which a Director is a partner	$ 49,544	$ 49,560
A firm of which the Corporate Secretary is a partner	-	244
A company owned by a Director and Officer	19,250	10,631
	$ 68,794	$ 60,435

NEW ACCOUNTING PRONOUNCEMENTS

Certain new and revised accounting standards have been published that are not mandatory for the November 30, 2013 reporting period. These standards have not been adopted and are yet to be assessed by the Company unless otherwise stated:

- New standard IFRS 10, *Consolidated Financial Statements*, replaces the guidance on control and consolidation in IAS 27, *Consolidated and Separate Financial statements*, and SIC-12, *Consolidation – Special Purpose Entities*. IFRS 10 changes the definition of control under IFRS so that the same criteria are applied to all entities to determine control. This standard is effective for years beginning on or after January 1, 2013. The standard is expected to have minimal or no impact on the Company's financial statements.

- New standard IFRS 11, *Joint arrangements*, requires a venture to classify its interest in a joint arrangement as a joint venture or joint operation. Joint ventures will be accounted for using the equity method of accounting whereas for joint operation, the venture will recognize its share of assets, liabilities, revenue and expenses of the joint operation. Under existing IFRS, entities have the choice to proportionally consolidate or equity account for interest in joint ventures. IFRS 11 supersedes IAS 31 – *Interest in Joint Ventures* and SIC 13 – *Jointly Controlled Entities – Non-monetary Contributions by Venturers*. This standard is effective for years beginning on or after January 1, 2013. The standard is expected to have minimal or no impact on the Company's financial statements.

- New standard IFRS 12, *Disclosure of Interests in Other Entities*. This new standard provides the disclosure requirements for all forms of interests in other entities, including subsidiaries, joint arrangements, associates and consolidated structured entities. This standard is effective for years beginning on or after January 1, 2013. The standard is expected to have minimal or no impact on the Company's financial statements.

- New standard IFRS 13, *Fair Value Measurement*. This standard defines fair value and sets out in a single IFRS a framework for measuring fair value and requires disclosures about fair value measurements. The standard does not determine when an asset, a liability or an entity's own equity instrument is measured at fair value. Rather, the measurement and disclosure requirements of IFRS 13 apply when another IFRS requires or permits the item to be measured at fair value (with limited exceptions). This standard is effective for years beginning on or after January 1, 2013. The standard is expected to have minimal or no impact on the Company's financial statements. The standard is expected to have minimal or no impact on the Company's financial statements.

- Reissued IAS 27, *Separate Financial Statements,* requires that when an entity prepares separate financial statements, investments in subsidiaries, associates, and jointly controlled entities are accounted for either at cost, or in accordance with IFRS 9 *Financial Instruments*. This standard is effective for years beginning on or after January 1, 2013. The standard is expected to have minimal or no impact on the Company's financial statements.

- Reissued IAS 28, *Investment in Associates and Joint Ventures,* supersedes IAS 28 *Investments in Associates* and defines 'significant influence' and provides guidance on how the equity method of accounting is to be applied (including exemptions from applying the equity method in some cases). It also prescribes how investments in associates and joint ventures should be tested for impairment. This standard is effective for years beginning on or after January 1, 2013. The standard is expected to have minimal or no impact on the Company's financial statements.

- Amendments to IAS 32, Financial Instruments: Presentation, to provide clarification on the application of offsetting rules. This standard is effective for years beginning on or after January 1, 2014.

- Amendments to IAS 36, Impairment of Assets ("IFRS 36"), 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. The amendments apply retrospectively for annual periods beginning on or after 1 January 2014. Earlier application is permitted except an entity shall not apply those amendments in periods (including comparative periods) in which it does not also apply IFRS 13.

- New standard IFRS 9, Financial Instruments, which covers the classification and measurement of financial assets as part of its project to replace IAS 39, "Financial Instruments: Recognition and Measurement." In October 2010, the requirements for classifying and measuring financial liabilities were added to IFRS 9. Under this guidance, entities have the option to recognize financial liabilities at fair value through earnings. If this option is elected, entitles would be required to reverse the portion of the fair value change due to own credit risk out of earnings and recognize the change in other comprehensive income. There is no effective date for this standard.

The Company plans to adopt these standards as soon as they become effective for the Company's reporting period.

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, accounts payable and accrued liabilities approximate their carrying values. The Company's investments are 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 fulfil 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 November 30, 2013, the Company had a cash and cash equivalents balance of $466,659 (November 30, 2012 - $2,681,566) to settle current liabilities of $200,844 (November 30, 2012 - $1,190,648). 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 of $300,000 (November 30, 2012 - $1,750,000) at interest rates of prime less 1.75% (November 30, 2012 - at an interest rate of prime less 1.80% and prime less 2.05%). 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 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, 2013.

OUTSTANDING SHARE DATA

As at March 24, 2014:

a) Authorized: unlimited common shares without par value
unlimited preferred shares

b) Issued and outstanding: 15,903,748 common shares.

c) Outstanding incentive stock options:

	Number of Options	Exercise Price	Expiry Date
Stock Options	1,050,000	0.16	April 3, 2014
	600,000	0.17	May 27, 2015
	225,000	0.24	May 25, 2017
	1,875,000		

d) Outstanding warrants: Nil.

e) Shares in escrow or pooling agreements: Nil.

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		*Natural Gas*	
bbls	Barrels	mcf	thousand cubic feet
mbbls	thousand barrels	mmcf	million cubic feet
bbls/d	barrels of oil per day	mcf/d	thousand cubic feet per day
BOE/d	barrels of oil equivalent per day	m3	cubic meters
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		

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).

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