COBRA VENTURE CORPORATION

MANAGEMENT'S INTERIM DISCUSSION AND ANALYSIS

NINE MONTH PERIOD ENDED AUGUST 31, 2007

DESCRIPTION OF BUSINESS AND OVERVIEW OF OPERATIONS AND FINANCIAL CONDITION

The following discussion and analysis, prepared as of October 15, 2007, should be read together with the un-audited financial statements for the nine month period ended August 31, 2007 and for the years ended November 30, 2006 and 2005 and related notes attached thereto, which are prepared in accordance with Canadian generally accepted accounting principles. All amounts are stated in Canadian dollars unless otherwise indicated.

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

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

Description of Business

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

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

Performance Summary

The following is a summary of the significant events and transactions that occurred during the nine month period ended August 31, 2007, up to and including the date of this report:

1. On Dec 20, 2006 the Company announced that the first well in a three well drilling program in the Viewfield Area of South East Saskatchewan, being carried out under a previously announced farm-out arrangement with a private Alberta company, has been cased and completed as an oil well. Cobra owns 100% of the freehold mineral rights on the lands where this first well was drilled and has retained a non-convertible sixteen percent (16%) gross overriding royalty, without further commitment of capital for any additional development. Cobra's royalty is not subjected to any deductions other than its crown obligations.

   The first well was drilled horizontally on a structural feature and the results from the well suggest that a second well can be located on the adjacent spacing unit on Cobra land. The initiation of a second well would be subject to further reservoir evaluation over the next three months. The single horizontal leg well encountered approximately 400 meters of high quality limestone porosity and initial production has yielded a sweet 30.3 degree API gravity oil with a very low water cut. Production rates for the well have been as high as 240 Bbls of oil per day since completion of the well in the early part of December, but the operator anticipates reducing the rate of production to approximately 200 Bbls of oil per day while the reservoir is being evaluated. If warranted, the rate could be increased in the future since a good production practice order has been obtained for the well. The operator has informed Cobra that it intends to construct a battery facility in the immediate area complete with water disposal to accommodate any future water production. Currently the well is being tank treated and shipped directly to sales.

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

Performance Summary (con't)

3. In early July 2007, the third well of the program was drilled and completed as a horizontal Bakken formation, light oil well on the NE1/4 of 640 acres of crown leased land where the Company holds a 50% ownership of the mineral rights and has retained a non-convertible sixteen percent (16%) gross overriding royalty. Production numbers are expected late July 2007.

   The Company anticipates that a substantial increase in royalty revenues will be generated from the Viewfield area where as many as 16 additional wells could be drilled on the Company's remaining land base. Cobra is receiving revenue from the production of the first and second wells, completed and announced December 2006, and March 2007 on lands where the Company holds respectively, 100% and 25% of the freehold mineral rights and has retained a non-convertible sixteen percent (16%) gross overriding royalty.

   Cobra's existing southeast Saskatchewan lands continue to produce monthly revenue on a royalty basis from 6 wells (4 drilled in 2004-2005). The Company owns 80% of the freehold mineral rights on these lands and has retained a non-convertible sixteen percent (16%) gross overriding royalty held under the terms of a previous lease agreement. The Company looks forward to continued success on the remaining earning well and expects that additional wells will continue to be drilled on the balance of the Cobra lands throughout 2007.

4. In early March 2007, a third and final earning well in the Pembina Area, Alberta was drilled and completed and tied in as an Edmonton Sands natural gas well. Cobra has participated in two previous wells resulting in a producing Belly River natural gas well and one standing as a potential Belly River oil well. In March an additional producing Edmonton Sands well was drilled, and completed and currently being tied in by a third party on company lands. Cobra has earned a 27% net working interest in these three wells and a pro rata working interest in the fourth well and subsequently has earned a 40% working interest in 7 sections where up to 12 drilling locations have been identified.

5. During the period ended August 31, 2007, the Company announced it intended to enter into an engagement agreement with Northern Securities in connection with a proposed private placement by the issuance of 5,714,286 units at a price of $0.35 per unit for gross proceeds of up to $2,000,000. On October 1, 2007, the Company announced that due to delays on the part of the agent and concerns regarding unnecessary dilution to the common shares of the Corporation, the Corporation will not be proceeding with the previously announced proposed private placement. Notwithstanding the foregoing, the Company continues to be in a strong financial position with no debt and increasing monthly cash flows from operations.

6. On September 10, 2007, the Company announced that it had entered into a second farm out arrangement with Acero Energy Inc. ("Acero") of Calgary, Alberta, whereby Acero had agreed to drill a test well on Cobra held lands in the Viewfield area, to test the Frobisher/Bakken formations on or before December 1, 2007. In addition, Acero had advised Cobra of its intention to drill 2 new development wells on Cobra land, in the Viewfield area. Under the terms of all agreements with Acero, Cobra receives 16% gross override, no deduction royalty, on all production.

Results of Operations For the nine month period ended August 31, 2007

Revenues

Revenue consists of interest on cash balances of $23,388 (2006 – $26,350), lease income of $7,596 (2006 – $Nil). Interest income has increased due to a higher cash balance during the period.

Operating Expenses / Net Loss

Operating expenses of $271,357 (2006 - $317,215) are primarily comprised of management fees, professional fees, consulting fees, stock-based compensation, and general office expenses. The decrease of $45,858 from 2006 is due to a decrease in management fees, professional fees, transfer agent and regulatory fees, and stock-based compensation.

In comparison to the nine months ended August 31, 2006:

- Management fees of $76,500 (2006 - $84,000) are lower due to reduction in management fees.
- Professional fees of $64,220 (2006 - $82,371) has reduced due to lower accounting and legal fees during the period.
- Consulting fees of $23,583 (2006 - $23,687) has remained constant.
- Corporate services of $22,500 (2006 - $22,500) has remained constant.
- Stock-based compensation $19,938 (2006 - $53,776) has decreased due to fewer stock options vesting during the period.

Petroleum and Natural Gas Interests

Stoughton Area, Saskatchewan

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

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

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

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

In 2004, the Company entered into several leases with Bison Resources Ltd. on portions of the Company's free acreage in the Stoughton area, Saskatchewan totaling approximately 1,440 acres. These leases have terms varying from six months to two years. The Company is currently receiving royalty and rental revenue from 4 wells drilled by Bison in 2004-2005.

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

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

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

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

In July 2007, the third well of the program was drilled and completed as a horizontal Bakken formation, light oil well on the NE1/4 of 640 acres of crown leased land where the Company holds a 50% ownership of the mineral rights and has retained a Non-convertible sixteen percent (16%) gross overriding royalty.

Cobra anticipates that a substantial increase in royalty revenues could be experienced from the Viewfield area where as many as 16 additional wells could be drilled on Cobra's remaining land base. Cobra has begun receiving revenue from the production of the first 2 wells, completed and announced December 2006 and February 2007, on lands where Cobra holds the freehold mineral rights 100% and 25% respectively, and has retained a non-convertible sixteen percent (16%) gross overriding royalty.

Cobra's southeast Saskatchewan lands continue to produce monthly revenue on a royalty basis from 6 wells (4 existing wells drilled in 2004-2005). Cobra owns 80% of the freehold mineral rights on these lands and has retained a non-convertible sixteen percent (16%) gross overriding royalty held under the terms of a previous lease agreement.

Cobra has achieved 100% drilling success in the first 3 wells in the Stoughton/Viewfield area under the a farm-out agreement with Acero Energy Inc. Due to the successful drilling in both the Frobisher and Bakken formations, the joint venture partners have identified multiple drilling locations.

Cessford Area, Alberta

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

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

Pembina Area, Alberta

On November 14, 2005, the Company entered into a Participation Agreement with an operating industry partner to participate in the drilling of an initial three exploration wells and earn a working interest in seven sections in the Pembina area of Alberta. The program will target multiple natural gas prospective zones. The Company has the right to earn a 27% working interest by paying 45% of all costs associated with the drilling program and will earn a 40% working interest in the prospect area comprised of seven sections or approximately 4,480 acres.

In the summer of 2006, the Company participated in the drilling of two natural gas wells. These wells encountered multiple natural gas zones, and a completion and tie-in program is currently under way. Pembina 01/05-19-48-8-W5M is anticipated to come on stream in November 2006 at approximately 300,000 to 500,000 cubic feet per day. Pembina 02/10-24-48-9-W5M is currently undergoing re-completion work. Cobra has earned a 27% net interest in each of these two wells.

In March 2007, a third and final earning well at Pembina Area, Alberta was drilled and has been tied in as an Edmonton Sands gas well.

Company has earned a 27% net working interest in these three wells and subsequently has earned a 40% working interest in 7 sections where up to 12 drilling locations have been identified. It is anticipated that additional wells will be drilled in the prospect area throughout 2007.

Cobra and its joint venture partner to date, have drilled, and completed three wells, one Edmonton Sands natural gas well producer, one standing Belly River oil well and one Belly River natural gas well producer. A fourth well was drilled and completed by a third party and is being tied in as an Edmonton Sands natural gas well.

Inga Area N.E. British Columbia

Early in the summer of 2006, having reviewed seismic data, Cobra obtained one section of land underlying a significant structure in Northeastern British Columbia. Cobra's net working interest is 75%, and additional seismic structures are being reviewed with the intent to accumulate a large land position in the prospect area.

The Company is continuing on a strategy of participating in large multi-well drilling programs as a non-operating participant and negotiating large net working interests. The Company employs a land acquisition strategy to build a meaningful land base for joint venture, farm-out or drilling participation.

PETROLEUM AND NATURAL GAS INTERESTS

	British Columbia	Alberta	Saskatchewan	Total
Balance, November 30, 2005	$ -	$ -	$ 5,391	$ 5,391
Acquisition costs	160,051	15,000		175,051
Deferred costs:				
Drilling	-	838,420	120	838,540
Engineering	-	2,808	-	2,808
Geological and geophysical	-	135,000	-	135,000
Mineral Taxes	-	504	504	1,008
Royalties received	-	-	(89,061)	(89,061)
Balance, November 30, 2006	160,051	991,732	(83,046)	1,068,737
Sale of mineral leases	-	-	64	64
Deferred costs:				
Engineering and consulting	-	346	-	346
Drilling	-	183,242	-	183,242
Geological fees	-	504	-	504
Geochemical services	-	(45,000)	-	(45,000)
Surface location costs	-	1,500	-	1,500
Royalties received	-	-	(572,988)	(572,988)
Additions, August 31, 2007	-	140,592	(572,924)	$ (432,332)
Balance, August 31, 2007	$ 160,051	$ 1,132,324	$ (655,970)	$ 636,405

LIQUIDITY AND CAPITAL RESOURCES

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

As at August 31, 2007, the Company had working capital of $756,762 compared to working capital of $636,293 as at November 30, 2006. As at August 31, 2007, the Company had cash of $684,736 compared to cash of $610,174 as at November 30, 2006.

Net cash used in operating activities for the nine months ended August 31, 2007 was $258,859 (2006 - $413,817) consisting primarily of the operating loss, and the change in non-cash items.

Net cash provided by investing activities for the nine months ended August 31, 2007 was $273,496 (2006 – used in $792,591) consisting of the petroleum and natural gas expenditures.

Net cash provided by financing activities for the nine months ended August 31, 2007 was $59,925 (2006 – $520,000) consisting of the issuance of common shares for cash.

SUMMARY OF QUARTERLY RESULTS

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

	August 31, 2006	May 31, 2006	February 28, 2006	November 30, 2005
Total assets	$ 1,582,221	$ 1,665,462	$ 1,740,400	$ 1,450,153
Petroleum and natural gas interests	812,982	219,058	-	5,391
Working capital	715,628	1,337,061	1,469,067	1,139,013
Shareholders' equity	1,417,484	1,464,861	1,491,942	1,193,389
Other income	20,889	2,963	14,182	(226,374)
Operating expenses	111,623	109,001	96,591	90,197
Income tax recovery	(17,200)	(67,800)	-	-
Net income (loss)	(73,534)	(38,238)	(82,407)	(260,861)
Basic and diluted income (loss) per share	(0.01)	(0.01)	(0.11)	(0.03)

RELATED PARTY TRANSACTIONS

During the nine month period ended August 31, 2007, the Company paid or accrued $22,500 (2006 – 22,500) in corporate service fees, $900 (2006 - $900) in rent and $76,500 (2006 - $84,000) in management fees to companies with common directors. The Company also paid or accrued $52,220 (2006 - $32,261) in professional fees to firms in which a director is a partner and an officer is a partner.

Included in accounts payable and accrued liabilities at August 31, 2007 is $1,660 (November 30, 2006 - $21,062) due to a company with a common director, and to a firm in which a director and officer is a partner.

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.

FINANCIAL INSTRUMENTS

The Company's financial instruments consist of cash and cash equivalents, receivables, accounts payable, and accrued liabilities. Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest or currency risks arising from these financial instruments. The fair value of these financial instruments approximates their carrying values, unless otherwise noted.

A substantial portion of the Company's receivables are with customers in the oil and gas industry and are subject to normal industry credit risks.

OUTSTANDING SHARE DATA

As at October 15, 2007:

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

b) Issued and outstanding: 13,135,750 common shares with a stated value of $3,274,052

c) Outstanding incentive stock options:

	Number of Shares	Exercise Price	Expiry Date
Stock Options	423,500	$ 0.15	February 5, 2008
	500,000	$ 0.15	October 25, 2010
	300,000	$ 0.20	December 9, 2010

d) During the year ended November 30, 2006, warrants were issued to purchase 1,037,500 common shares at $0.30 per share until December 9, 2006. 140,000 Agents warrants were issued regarding this transaction which had two expiry dates. On December 9, 2006 of those 140,000 available to be exercised 30,000 common shares at a price of $0.20 for gross proceeds of $6,000 were issued as 30,000 warrants were exercised. The balance of the 110,000 warrants expired unexercised on December 9, 2006. These same Agent's warrants for year two are available now at $0.40 per share until December 9, 2007.

Number of warrants	Exercise Price	Expiry Date
1,007,500	0.40	December 9, 2007

e) Shares in escrow or pooling agreements: Nil.

SUBSEQUENT EVENTS

During the period ended August 31, 2007, the Company announced it intended to enter into an engagement agreement with Northern Securities in connection with a proposed private placement by the issuance of 5,714,286 units at a price of $0.35 per unit for gross proceeds of up to $2,000,000. On October 1, 2007, the Company announced that due to delays on the part of the agent and concerns regarding unnecessary dilution to the common shares of the Corporation, the Corporation will not be proceeding with the previously announced proposed private placement. Notwithstanding the foregoing, the Company continues to be in a strong financial position with no debt, over $1,000,000 in working capital and increasing monthly cash flows from operations.

On September 10, 2007, the Company announced that it had entered into a second farm out arrangement with Acero Energy Inc. ("Acero") of Calgary, Alberta, whereby Acero had agreed to drill a test well on Cobra held lands in the Viewfield area, to test the Frobisher/Bakken formations on or before December 1, 2007. In addition, Acero had advised Cobra of its intention to drill 2 new development wells on Cobra land, in the Viewfield area. Under the terms of all agreements with Acero, Cobra receives 16% gross override and no deduction royalty on all production.