COBRA VENTURE CORPORATION

MANAGEMENT'S ANNUAL DISCUSSION AND ANALYSIS

YEAR ENDED NOVEMBER 30, 2006

DESCRIPTION OF BUSINESS AND OVERVIEW OF OPERATIONS AND FINANCIAL CONDITION

The following discussion and analysis, prepared as of March 12 2007, should be read together with the audited financial statements for the year ended November 30, 2006, 2005 and 2004 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 year ended November 30, 2006, up to and including the date of this report:

1. On December 9, 2005, the Company granted stock options to purchase 300,000 common shares of the Company at an exercise price of $0.20 to certain consultants of the Company. These stock options expire five years after the date of issuance and vest over two years.
2. On December 29, 2005, the Company completed the first tranche of a private placement of 2,075,000 units ("Units") at a purchase price of $0.20 per Unit, for gross proceeds of $415,000. Each Unit is comprised of one flow-through common share and one half of a flow through share purchase warrant entitling the holder thereof to purchase one flow-through common share for each full warrant held at an exercise price of $0.30 in the first twelve months after issuance and $0.40 in the next twelve months after issuance.
3. On December 31, 2005, the Company renounced $415,000 of property expenditures to flow-through subscribers resulting in a future tax liability of $145,000.
4. On January 9, 2006, the Company completed the second tranche of the private placement of 700,000 common shares at a purchase price of $0.15 per common share for gross proceeds of $105,000. These securities are subject to a four-month hold period from the date of issuance.
5. On May 3, 2006, the Company announced the commencement of the drill program at Pembina, Alberta. The Company also issued 100,000 common shares at a deemed issue price of $0.15 per common share in connection with entering into a Participation Agreement.
6. On May 23, 2006, the Company filed its annual reserve information results.
7. On November 30, 2006, the Company announced the participation in the drilling of two natural gas wells in the Pembina area of Alberta..
8. On November 29, 2006, the Company announced that it had completed its previously announced arm's-length, non-brokered private placement of 400,000 common shares issuable on a flow through basis at a purchase price of $0.25 per

common share, for gross proceeds of $100,000. The securities issued pursuant to the private placement are subject to a four (4) month hold period from the date of issuance.

Selected Annual Information

	Year Ended November 30, 2006	Year Ended November 30, 2005	Year Ended November 30, 2004
Revenues	27,927	36,168	42,130
Operating gain (loss)	(320,812)	(258,287)	(1,320,324)
Net income (loss)	(173,352)	(202,577)	(998,324)
Basic and diluted income (loss) per share	(0.01)	(0.02)	(0.11)
Total assets	1,990,860	1,450,153	1,736,399
Total long term liabilities	-	-	261,000

Results of Operations For the Year ended November 30, 2006

Revenues

Revenue consists of interest on cash balances of $27,927 (2005 – $10,977), lease income of $Nil (2005 – $25,191). Interest income has increased due to a higher cash balance during the period.

Operating Expenses / Net Loss

Operating expenses of $348,739 (2005 - $294,455) are primarily comprised of management fees, professional fees, consulting fees, stock-based compensation, and general office expenses. The increase of $54,284 from 2005 is due to an increase in management fees, professional fees, consulting fees and stock-based compensation.

In comparison to the year ended November 30, 2005:

- Management fees of $109,500 (2005 - $75,000) are higher due to full time management, and increased corporate activity.
- Consulting fees of $28,687 (2005 - $15,500) increased due to increased corporate activity.
- Professional fees of $96,551 (2005 - $60,116) increased due to higher legal fees relating to financing and corporate activities.
- Stock-based compensation $36,910 (2005 - $33,590) has increased due to more stock options issued, and vested.

Petroleum and Natural Gas Interests

Viewfield/Stoughton Area, SE 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 Viewfield/Stoughton area of SE Saskatchewan. The agreements provide Celtic with the option to earn an interest in the Viewfield/Stoughton property by drilling up to three exploration wells

The Company will retain 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 has 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 has 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 has not earned the 50% interest in the Viewfield/Stoughton land under the terms of the agreement and the option expired.

The Company has entered into several leases with Bison Resources Ltd. ("Bison") on portions of the Company's free acreage in the Viewfield/Stoughton area 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 wells drilled on the Company's land by Bison.

On May 27, 2005, the Company entered into a sale agreement, with Bison for the sale of a non-producing undivided four-fifths 1,440 gross (1,152 net) acres situated in the Viewfield/Stoughton area 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 the Company's lands located in the Stoughton/Viewfield area. Acero is a privately owned Calgary based oil exploration company managed by the former principals of Bison Resources Ltd. The Bison group discovered the Bakken light, sweet oil play in the greater Viewfield/Stoughton area, which resulted in the further expansion of the play throughout SE Saskatchewan. Relying exclusively on geology and maintaining a hands-on approach to business, the management group built Bison to its eventual sale value in January 2006 of approximately $113.4 MM.

Under the terms of the Cobra/Acero agreement, it is contemplated that Acero will drill a minimum of 3 wells to test the Frobisher and Bakken formations. Acero is currently licensing the first test well, a Frobisher horizontal well that is anticipated to spud in November, 2006 and has planned two additional Bakken horizontal wells to follow.

In early February 2007, the second well of a three well drilling program in the Viewfield/Stoughton area, was 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. The Company 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.

In February 2007, the third well of the program was licensed on 640 acres of crown lands where the Company holds a 50% ownership of the mineral rights and has retained a non-convertible sixteen percent (16%) gross overriding royalty. It is anticipated that drilling operations will commence after spring breakup in May 2007. Cobra Management and Directors are pleased with the initial results achieved though the farm out agreement announced October 19, 2006 with Acero Energy Inc. of Calgary. The Company looks forward to continued success on the remaining earning well and expects that additional wells will continue to be drilled on the majority of the Company's remaining lands throughout 2007.

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, thereby maximizing the potential revenues without any further capital commitments or expenditures.

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 completion work on the Paskapoo sands natural gas zone. 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 cased and is currently being completed as an Edmonton Sands gas well. Cobra has participated in two previous wells resulting in a producing Belly River gas well and one standing well as a potential Belly River oil well. The 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.

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. A two well drill program is being planned for 2007.

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, 2004	$ -	$ -	$ 1,522,582	$ 1,522,582
Acquisition costs				
Sale of mineral lease	-	-	(1,442,563)	(1,442,563)
Mineral leases	-	-	855	855
Deferred costs:				
Drilling	-	-	10,000	10,000
Engineering	-	-	10,348	10,348
Geological and geophysical	-	-	31,518	31,518
Insurance	-	-	933	933
Seismic	-	-	15,000	15,000
Surface location costs	-	-	4,966	4,966
Cost recoveries and proceeds	-	-	(4,503)	(4,503)
Royalties received	-	-	(143,745)	(143,745)
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 and consulting	-	2,808	-	2,808
Geochemical	-	135,000	-	135,000
Insurance	-	-	-	-
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

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 November 30, 2006, the Company had working capital of $636,292 compared to working capital of $1,139,013 as at November 30, 2005. As at November 30, 2006, the Company had cash and equivalents of $610,174 compared to cash and equivalents of $1,284,750 as at November 30, 2005.

Net cash used in operating activities for the year ended November 30, 2006 was $484,659 (2005 - $240,584) consisting primarily of the operating loss, and the change in non-cash items.

Net cash used in investing activities for the year ended November 30, 2006 was $809,917 (2005 - $1,516,679 provided by) consisting of the petroleum and natural gas expenditures, net of proceeds on sale.

Net cash provided by financing activities for the year ended November 30, 2006 was $620,000 (2005 – $25,500 used in) consisting of the issuance of common shares for cash.

SUMMARY OF QUARTERLY RESULTS

	November 30, 2006	August 31, 2006	May 31, 2006	February 28, 2006
Total assets	$ 1,990,860	$ 1,582,221	$ 1,665,462	$ 1,740,400
Petroleum and natural gas interests	1,068,737	812,982	219,058	-
Working capital	636,292	715,628	1,337,061	1,469,067
Shareholders' equity	1,506,447	1,417,484	1,464,861	1,491,942
Other income	(10,107)	20,889	2,963	14,182
Operating expenses	31,524	111,623	109,001	96,591
Income tax recovery	(62,460)	(17,200)	(67,800)	-
Net income (loss)	20,829	(73,534)	(38,238)	(82,409)
Basic and diluted income (loss) per share	(0.01)	(0.01)	(0.01)	(0.01)

	November 30, 2005	August 31, 2005	May 31, 2005	February 28, 2005
Total assets	$ 1,450,153	$ 1,738,643	$ 1,586,916	$ 1,686,270
Petroleum and natural gas interests	5,391	295,405	1,505,045	1,514,684
Working capital	1,139,013	1,386,571	(19,293)	37,667
Shareholders' equity	1,193,389	1,428,660	1,233,370	1,300,537
Other income	(226,373)	247,770	7,381	7,390
Operating expenses	90,198	52,480	97,548	54,229
Net Income (loss)	(260,861)	195,290	(90,167)	(46,839)
Basic and diluted income (loss) per share	(0.03)	0.02	(0.01)	(0.00)

During the third quarter of 2005, the Company recorded a gain on sale of land, which was reclassified to the property in the fourth quarter of 2005.

RELATED PARTY TRANSACTIONS

The Company entered into the following transactions with related parties:

a) Paid or accrued management fees of $109,500 (2005 - $75,000) to a company controlled by a director.

b) Paid or accrued professional fees of $82,078 (2005 - $53,671) to partnerships in which a partner is either a director or an officer of the Company.

c) Paid or accrued rent of $1,200 (2005 - $4,250) to a company controlled by a director.

d) Paid $30,000 (2005 - $30,000) in corporate service fees to a company with former directors.

Included in accounts payable and accrued liabilities at November 30, 2006 was $21,062 (2005 - $Nil) due to a partnership in which an 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 March 12, 2007:

a) Authorized: unlimited common shares without par value
unlimited preferred shares, issuable in series

b) Issued and outstanding: 12,776,250 common shares with a stated value of $3,220,127

c) Outstanding incentive stock options:

	Number of Shares	Exercise Price	Expiry Date
Stock Options	360,000	$ 0.15	May 28, 2007
	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, and subsequent to November 30, 2006 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 remaining warrants for year two are available now at $0.40 per share until December 9, 2007.

Number of warrants	Exercise Price	Expiry Date
1,037,500	0.40	December 9, 2007

e) Shares in escrow or pooling agreements: Nil.

DISCLOSURE CONTROLS AND PROCEDURES

The Company has designed disclosure controls and procedures and has evaluated their effectiveness. Based on the evaluation of the Company's disclosure controls and procedures, the Company's management has concluded that they are sufficiently effective as of November 30, 2006 to provide reasonable assurance that material information relating to the Company is made known to management and disclosed in accordance with applicable securities regulations.

SUBSEQUENT EVENTS

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.

In early February 2007, the second well of a three well drilling program in the Viewfield Area of South East Saskatchewan, was cased and completed as a producing oil well. Production rates for the well, 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.

The third well of the program is currently licensed on 640 acres of crown lands where the Company holds a 50% ownership of the mineral rights and has retained a non-convertible sixteen percent (16%) gross overriding royalty. It is anticipated that drilling operations will commence after spring breakup in May 2007. Cobra Management and Directors are pleased with the initial results achieved though the farm out agreement announced October 19, 2006 with Acero Energy Inc. of Calgary.

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 has begun receiving revenue from the production of the first well, completed and announced December 2006, on lands where the Company holds 100% 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 4 existing wells 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.

In March 2007, a third and final earning well at Pembina Area, Alberta was drilled and cased and is currently being completed as an Edmonton Sands gas well. Cobra has participated in two previous wells resulting in a producing Belly River gas well and one standing well as a potential Belly River oil well. The 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.