

COBRA VENTURE CORPORATION

Management's Discussion and Analysis

For the six-month period ended May 31, 2020

DESCRIPTION OF BUSINESS

The following is management's interim discussion and analysis ("MD&A"), prepared as of July 22, 2020. This MD&A should be read in conjunction with the unaudited Interim Financial Statements for the six months ended May 31, 2020 and the accompanying notes, the Company's audited Financial Statements and the accompanying notes for the year ended November 30, 2019, all as prepared in accordance with International Financial Reporting Standards ("IFRS"). All amounts are stated in Canadian dollars unless otherwise indicated.

The Company is an emerging energy company focused on the acquisition, development and production of strategic petroleum and natural gas interests in Western Canada (see discussion below in "Results of Operations"). The recoverability of the amounts shown for petroleum and natural gas interests are dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete the development and upon future profitable production. The Company trades on the TSX Venture Exchange under the symbol CBV.

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

PERFORMANCE SUMMARY

The following is a summary of the significant events and transactions that occurred during the period ended May 31, 2020, and up to July 22, 2020:

- On July 13, 2020, the Company provided an update on its non-operated joint venture projects and has appointed its new chief financial officer.

Gull Lake Project, Saskatchewan

Cobra currently has a 14.665% interest in the Gull Lake project, which consists of 11 wells. Due to low oil and gas commodity prices in late 2019 and early 2020, one of the Company's operators, Taku Gas Ltd. ("Taku"), elected, as of April 1, 2020, to shut in or suspend all of its 7 wells, but such wells were subsequently brought back onstream on June 1, 2020. Additionally, the 4 wells operated by Vital Energy Ltd. ("Vital") were shut in during the later part of April 2020, and during the shutdown period, new pressure buildup data was collected by Vital to evaluate remaining reserves in the pool. The wells operated by Vital were subsequently brought back onstream on July 1, 2020.

As well, Cobra has also elected to participate in the drilling of two development well locations (at 4-29 and 9-29-13-19W3, respectively). These additional wells will target the Upper Shaunavon formation, which is the primary producing reservoir in the wells operated by Vital. Following the drilling of these two wells, and evaluation of the well results, Cobra has the option to elect to further participate in the drilling of a horizontal well targeting the Cantuar formation.

San Joaquin Basin Project, California

As initially discussed in August 2019 (see news release dated August 1, 2019), Cobra entered into a participation agreement (the "Agreement") with Makk Energy Ltd., a private oil and gas company controlled by Murray Rodgers, a Director of Cobra and QC Energy LLC, a private oil and gas company based in Denver, Colorado. Pursuant to the Agreement, Cobra has a non-operating 25% working interest in the subject project. In early 2020, the joint venture group undertook an initiative to attract a strategic partner to fund leasing and drilling activity in the project area. While these initiatives were initially promising (with technical due diligence being concluded with favourable outcomes), the recent outbreak of Covid-19 pandemic, combined with the significant declines in the oil equity markets, has resulted in a pullback of interest in the project. The joint venture partners will continue to pursue new sources of capital for this project while working within the current global and local uncertainties surrounding oil and gas investments.

Covid-19 Global Pandemic

In March 2020, the World Health Organization declared a global pandemic related to the virus known as Covid-19. The expected impacts on global commerce are anticipated to be far reaching. To date there have been significant wide-spread stock market declines and the movement of people and goods has become restricted, affecting supply demand and pricing for many products. The oil and gas exploration sector is expected to be impacted significantly as many local and regional governments have issued public health orders in response to Covid-19, including restricting the movement of people, which could impact the Company's ability to access its properties and complete exploration, development or production programs in the current year. Natural resource prices have declined since December 31, 2019 in the wake of the Covid-19 pandemic. Accordingly, going forward, the Company's ability to fund the current level of operating costs in the face of an extended disruption may be affected. In order to minimize the loss from operations due to low crude oil prices, certain of the Company's operators elected to shut in certain of their operating batteries which impacted the Company's revenues during the shut-in period. Subsequently, certain of the operators have resumed production, however, should prices fall again, the Company and its joint venture partners may elect to shut in the operating batteries.

In light of the Covid pandemic, the Company has contacted certain of the operators of its projects and has thus far received confirmations from some, but not all of its operators, that they are following appropriate and required guidelines to ensure that the projects are being operated in a compliant manner. The Company will pursue similar compliance confirmations from all of its operators.

Appointment of Chief Financial Officer

Cobra has appointed Sead Hamzagic as its Chief Financial Officer. In connection with Mr. Hamzagic's appointment as CFO, Cyrus Driver has stepped down as an officer of the Company. Mr. Driver remains a Director of the Company.

Mr. Hamzagic is a chartered professional accountant with 34 years of public practice and financial management experience. He has served, and continues to serve, as Chief Financial Officer for several TSX Venture Exchange and private companies and is well versed in reporting requirements for public companies.

- On August 1, 2019, the Company announced that it has entered into a participation agreement (the "Agreement") with Makk Energy Ltd., a private oil and gas company controlled by Murray Rodgers, a Director of Cobra and QC Energy LLC, a private oil and gas company based in Denver, Colorado. Pursuant to the Agreement and in exchange for Cobra agreeing to fund a \$150,000, three month geotechnical work and leasing program to identify and capture low risk, lower cost oil field development opportunities in California, the Company will have an option, following evaluation of the results of the study, to elect to participate in a drilling program to be further defined at that time. The Company will also earn a 25% working interest in this initial program. Additionally, the Company reported that its oil and gas revenue for the three-month period ended May 31, 2019 was \$310,706, compared to \$158,666 in the comparative three-month period ended May 31, 2018. The increase in production revenue was primarily due to a \$152,040 increase in production revenue from the Gull Lake Property resulting from three successful oil wells which were drilled on the property over the past 24 months. One additional well was unsuccessful and has been suspended pending further evaluation. As well, direct costs for the three-month period ended May 31, 2019 were \$184,911, compared to \$123,466 in the comparative three-month period ended May 31, 2018. The increase in direct costs was primarily a result of an increase in production revenue in comparison to the comparative period and differences in depletion base used upon revisions from the technical reports completed for the year ended November 30, 2018. Lastly, operating expenses for the three-month period ended May 31, 2019 were \$126,927, compared to \$121,700 in the comparative three-month period ended May 31, 2018. Expenses were comparable and did not fluctuate significantly in this period with the decrease mainly due to a reduction of management and consulting fees.

COBRA VENTURE CORPORATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
May 31, 2020

RESULTS OF OPERATIONS FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED MAY 31, 2020

In comparison to the three-month period ended May 31, 2020:

Oil and gas revenue for the three-month period ended May 31, 2020 was \$214,379 compared to \$310,706 in the comparative three-month period ended May 31, 2019. The decrease in production revenue was primarily due to the decrease from both the Gull Lake and Willesden Green properties.

Direct costs for the three-month period ended May 31, 2020 was \$150,504 compared to \$184,911 in the comparative three-month period ended May 31, 2019. The decrease was primarily a result of a decrease in production revenue in comparison to the comparative period and differences in depletion base used upon revisions from the technical reports completed for the year ended November 30, 2019.

Operating expenses for the three-month period ended May 31, 2020 was \$111,091 compared to \$126,927 in the comparative three-month period ended May 31, 2019. Expenses were comparable and did not fluctuate significantly in this period.

In comparison to the six-month period ended May 31, 2020:

Oil and gas revenue for the six-month period ended May 31, 2020 was \$417,348 compared to \$427,336 in the comparative six-month period ended May 31, 2019. The decrease in production revenue was primarily due to the decrease from the Willesden Green property.

Direct costs for the six-month period ended May 31, 2020 was \$297,122 compared to \$303,546 in the comparative six-month period ended May 31, 2019. The decrease was primarily a result of a decrease in production revenue in comparison to the comparative period and differences in depletion base used upon revisions from the technical reports completed for the year ended November 30, 2019.

Operating expenses for the six-month period ended May 31, 2020 was \$233,260 compared to \$235,731 in the comparative six-month period ended May 31, 2019. Expenses were comparable and did not fluctuate significantly in this period.

PETROLEUM AND NATURAL GAS INTERESTS

Property and Equipment

Willesden Green area, Alberta

During the year ended November 30, 2007, the Company acquired a 40% net working interest in 160 acres of land in Central Alberta for \$18,570.

During the year ended November 30, 2008, the Company acquired an 80% working interest in an oil well located in the Willesden Green area which is subject to applicable royalties, by incurring all costs, risk and expenses associated with completing the test well.

During the year ended November 30, 2009, the Company entered into an arrangement with a private oil and gas operator in the area and the operator agreed to perform some remedial work in the well and prepare and tie-in the well to earn 50% of the Company's interest being a 40% working interest.

During the year ended November 30, 2010, the operator completed its obligations, paid the Company \$460,000 based on a BOE/day calculation and earned its 40% working interest.

During the year ended November 30, 2015, the Company recorded an impairment charge of \$24,454 on the property due to a sustained decline in forecasted crude oil and natural gas prices.

During the year ended November 30, 2019, the Company recorded \$54,857 (2018 - \$98,035) in production revenue.

During the period ended May 31, 2020, the Company recorded \$6,709 (2019 - \$28,588) in production revenue.

COBRA VENTURE CORPORATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
May 31, 2020

Davey Lake area, Alberta

During the year ended November 30, 2010, the Company entered into an agreement with RNM Services Ltd. ("RNM") to earn a 13.5% working interest in a well located in the Davey Lake area by incurring all RNM's costs to drill, case, complete and equip and tie-in (or abandon) the well. The Company paid RNM a one-time fee of \$26,250 to enter into this agreement.

During the year ended November 30, 2015, the Company recorded an impairment charge of \$106,374 on the property due to a sustained decline in forecasted crude oil prices.

Gull Lake, Saskatchewan

During the year ended November 30, 2013, the Company entered into a Participation Agreement whereby the Company (and two other arm's length companies) was granted the right to equally participate to drill and complete up to 4 initial test wells (each "Test Well") located in Gull Lake, Saskatchewan. Under the agreement, the Company had to pay 29.33% of the drilling costs of each Test Well to earn a net working interest of 14.665% in each well. The Company currently maintains a 14.665% interest in the Gull Lake project area. As at November 30, 2019, the Company participated in nine wells (2018 – eight).

During the year ended November 30, 2015, the Company recorded an impairment charge of \$664,978 on the property due to a sustained decline in forecasted crude oil prices. The impairment was determined using a value in use approach using estimated expected cash flow based on proved plus probable reserves using a pre-tax discount rate of 10%.

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

The Company currently participates in 11 wells, 7 well of which are operated by Taku Gas Ltd. ("Taku"), and 4 wells operated by Vital Energy Ltd. ("Vital"). As well, the Company has also elected to participate in the drilling of two development well locations. The additional wells will target the primary producing reservoir in the wells operated by Vital. Following the drilling of these two wells, and evaluation of the well results, Cobra has the option to elect to further participate in the drilling of a horizontal.

During the year ended November 30, 2019, the Company recorded \$1,330,463 (2018 - \$840,142) in production revenue.

During the period ended May 31, 2020, the Company recorded \$410,639 (2019- \$398,748) in production revenue.

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 May 31, 2020, the Company had working capital of \$2,116,584 compared to \$2,107,582 as at November 30, 2019. As at May 31, 2020, the Company had cash and cash equivalents of \$2,053,738 compared to \$1,937,190 as at November 30, 2019.

Net cash provided by operating activities for the six-month ended May 31, 2020 was \$114,116 (2019 used in - \$76,141) consisting primarily of the operating loss for the period and the change in non-cash items.

Net cash provided by investing activities for the six-month ended May 31, 2020 was \$2,432 (used in 2019 - \$69,724) consisting primarily of exploration and evaluation expenditures for the current period.

MARKETABLE SECURITIES

Investments are marketable securities comprised of 475,076 (November 30, 2019 – Nil) common shares in Magnum Goldcorp Inc., a publicly traded company. The Company and Magnum Goldcorp Inc. have certain directors in common.

COBRA VENTURE CORPORATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
May 31, 2020

INVESTMENT

At May 31, 2020, the Company had 350,000 shares (November 30, 2019 - 350,000) of Star Valley Drilling Ltd, a privately-owned company, valued at \$350,000 (November 30, 2019 - \$350,000) classified as FVTPL. As there is no quoted market price in an active market for the investment, the investment was initially measured at fair value which was the price paid by the company. There are no indicators during the current and prior period that cost might not be representative of fair value.

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, 2019	Year Ended November 30, 2018	Year Ended November 30, 2017
Total revenues	\$ 1,385,320	\$ 938,177	\$ 641,244
Total other items	11,423	17,989	12,489
Income (loss) before income taxes	56,251	(116,099)	(436,043)
Basic and diluted earnings (loss) per share	0.00	(0.01)	(0.03)
Comprehensive income (loss)	56,251	(116,099)	(436,043)
Total assets	3,474,873	3,461,357	3,564,535
Working capital	2,107,582	2,091,850	2,329,829

SUMMARY OF QUARTERLY RESULTS

	May 31, 2020	February 29, 2020	November 30, 2019	August 31, 2019
Total assets	\$ 3,350,048	\$ 3,420,311	\$ 3,474,873	\$ 3,425,170
Property and equipment	865,138	905,920	978,827	1,071,025
Working capital	2,116,584	2,123,602	2,107,582	1,983,439
Equity	3,193,580	3,250,171	3,315,849	3,241,590
Total revenues	214,379	202,969	559,983	398,001
Total other items	(9,375)	140	140	1,830
Operating expenses	111,091	122,169	131,318	114,338
Income (loss) before income taxes	(56,591)	(65,678)	74,249	84,480
Basic and diluted income (loss) per share	(0.00)	(0.00)	0.00	0.01

	May 31, 2019	February 28, 2019	November 30, 2018	August 31, 2018
Total assets	\$ 3,360,696	\$ 3,369,861	\$ 3,461,357	\$ 3,479,558
Property and equipment	963,093	963,468	973,473	860,147
Working capital	2,004,508	1,998,341	2,091,850	2,172,914
Equity	3,157,110	3,153,701	3,259,598	3,236,269
Total revenues	310,706	116,630	328,220	316,300
Total other items	4,541	4,912	9,464	1,870
Operating expenses	126,927	108,804	126,595	121,046
Income(loss) before income taxes	3,409	(105,897)	23,302	25,149
Basic and diluted income (loss) per share	0.00	(0.01)	0.00	0.00

COBRA VENTURE CORPORATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
May 31, 2020

RELATED PARTY TRANSACTIONS

Amounts paid or accrued to related parties are as follows:

Paid or accrued to:	Nature of transactions	Six months ended May 31, 2020	Six months ended May 31, 2019
A limited partnership of which a Director is a partner	Rent	\$ 11,909	\$ 11,909

Key management compensation is as follows:

Paid or accrued to:	Nature of transactions	Six months ended May 31, 2020	Six months ended May 31, 2019
Directors and Officers	Management ⁽ⁱ⁾	\$ 10,000	\$ 10,000
A company controlled by Directors and/or Officers	Management	110,000	110,000
Directors and Officers	Professional fees	15,000	15,000
		<u>\$ 135,000</u>	<u>\$ 135,000</u>

i) There were no post-employment benefits, termination benefits, or other long-term employment benefits paid to key management in either the period ended May 31, 2020 and the year ended November 30, 2019.

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.

Included in receivables was an amount due from a company with common directors \$Nil (2019 - \$28,505).

CHANGES IN ACCOUNTING POLICIES

New accounting pronouncements

The Company adopted the following accounting standards:

1) IFRS 9, Financial Instruments

- IFRS 9 uses a single approach to determine whether a financial asset is classified and measured at amortized cost or fair value. The classification and measurement of financial assets is based on the Company's business models for managing its financial assets and whether the contractual cash flows represent solely payments for principal and interest. The change did not impact the carrying amounts of any of the Company's financial assets on the transition date. Prior periods were not restated, and no material changes resulted from adopting this new standard.
- The adoption of the new "expected credit loss" impairment model under IFRS 9, as opposed to an incurred credit loss model under IAS 39, had no impact on the carrying amounts of financial assets on the transition date.

2) IFRS 15, Revenue from Contracts with Customers

In May 2014 the IASB approved IFRS 15, Revenue from Contracts with Customers, which specifies how and when an IFRS reporter will recognize revenue as well as requiring such entities to provide users of financial statements with more informative, relevant disclosures. The standard supersedes IAS 18, Revenue, IAS 11, Construction Contracts, and a number of revenue related interpretations. Application of the standard is mandatory for all IFRS reporters and it applies to nearly all contracts with customers, except for leases, financial instruments and insurance contracts. The adoption of IFRS 15 did not have an impact on the Company's financial statements.

New and amended standards adopted by the Company:

The following standard has been adopted on December 1, 2019, which had no effect on the Company's financial statements as the Company does not have any leases beyond a term of 12 months.

IFRS 16, Leases

In January 2016, the IASB issued IFRS 16, Leases, which would replace IAS 17, Leases. This standard introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than twelve months, unless the underlying asset is of low value. A lessee is required to recognize a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. This standard is effective for reporting periods beginning on or after January 1, 2019. The adoption of IFRS 16 did not have an impact on the Company's financial statements.

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, investment and accounts payable and accrued liabilities approximate their carrying values.

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

Financial risk factors

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

Credit risk

Credit risk is the risk of loss associated with counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to trade receivable and cash and cash equivalents. Management believes that the credit risk concentration with respect to trade receivable is not significant and cash and cash equivalents is remote as it maintains accounts with highly-rated financial institutions.

Liquidity risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at May 31, 2020, the Company had a cash and cash equivalents balance of \$2,053,738 (November 30, 2019 - \$1,937,190) to settle current liabilities of \$18,326 (November 30, 2019 - \$38,464). All 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.

COBRA VENTURE CORPORATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
May 31, 2020

a) *Interest rate risk*

The Company's current cash equivalents consist of a term deposit of \$nil with historic low interest rates. Since the term deposit was cashed and the interest rates for term deposits are near zero, the Company believes it is not exposed to significant interest rate risk. The interest rate risk on the Company's obligations is not considered significant.

b) *Foreign currency risk*

The Company conducts its activities in Canada with Canadian dollars. Therefore, the Company believes it is not exposed to foreign currency risk.

c) *Price risk*

The Company has 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. The Company's investment is in a privately-owned company. Commodity price risk is the risk that future cash flows will fluctuate as a result of changes in commodity prices. Commodity prices for petroleum and natural gas are impacted by world and continental/regional economic and other events that dictate the level of supply and demand. The Company has no commodity hedges in place as at May 31, 2020, and November 30, 2019.

CAPITAL MANAGEMENT

The Company's objective when managing capital is to safeguard the entity's ability to continue as a going concern. In the management of capital, the Company monitors its adjusted capital which comprises all components of equity (i.e. capital stock, reserves, and retained earnings).

The Company sets the amount of capital in proportion to risk. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may issue common shares through private placements. The Company is not exposed to any externally imposed capital requirements.

There were no changes in the Company's approach to capital management during the period ended May 31, 2020.

OUTSTANDING SHARE DATA

As at July 22, 2020:

a) Authorized: unlimited number of common shares without par value

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

c) Outstanding incentive stock options:

Number of Options	Exercise Price	Expiry Date
1,265,000	\$ 0.105	May 11, 2021
100,000	\$ 0.105	April 16, 2023
1,365,000		

d) Outstanding warrants: Nil.

e) Shares in escrow or pooling agreements: Nil.

Off-balance Sheet Arrangements

The Company has no off-balance sheet arrangements.

ABBREVIATIONS

Oil and Natural Gas Liquids

bbls	Barrels
mbbls	thousand barrels
bbls/d	barrels of oil per day
BOE/d	Barrels of Oil Equivalent per day
NGLs	Natural Gas Liquids (consisting of any one or more of propane, butane and condensate thousand stock tank barrels of oil
bpd	barrels of production per day

Natural Gas

mcf	thousand cubic feet
mmcf	million cubic feet
mcf/d	thousand cubic feet per day
m3	cubic meters

OTHER

BOE Presentation – For the purposes of calculating unit costs, natural gas is converted to a barrel of oil equivalent (BOE) using six thousand cubic feet equal to one BOE unless otherwise stated. A BOE is a very approximate comparative measure that, in some cases, could be misleading, particularly if used in isolation.

BOE means Barrels of Oil Equivalent. A barrel of oil equivalent is determined by converting a volume of natural gas to barrels using the ration of six (6) mcf to one (1) barrel. BOEs may be misleading, particularly if used in isolation. The BOE conversion ration of six (6) mcf: one (1) bbl is based on an energy equivalency methods primarily applicable at the burner tip and does not represent a value equivalency at the wellhead.

GORR means Gross Overriding Royalty

ARTC Alberta Royalty Tax Credit

CONVERSION

The following table sets forth certain standard conversions between Standard Imperial Units and the International System of Units (or metric units).

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