

Company Summary

May 18, 2010

Cobra Venture Corporation (CBV : TSX-V)

Current Price : \$0.175

Coverage Initiated:
\$0.205 (May 22, 2007)

Highlights:

- working capital of \$0.10 per share, cash of \$0.075 per share and no LT debt
- multiple light oil well drilling locations in Viewfield, SK
- carried interests with no drilling costs
- natural gas pool discovery at Pembina in 2006 – several wells currently producing with 10-12 additional locations identified
- strong balance sheet with significant production growth potential

DISCUSSION:

Cobra Venture Corporation is engaged in the exploration and development of petroleum and natural gas in western Canada. The company has assembled varying interests in several core areas that hold significant potential. Cobra has established a strong foundation of initial production and is forecasting continued production growth over the next few years. The company has properties in Viewfield, SK; Pembina, AB; and Inga, B.C. Lands have also been leased in other areas of Alberta including Willesden Green, Iosegun, Alderson, Valhalla and Morinville.

At Viewfield, Cobra has farm-out agreements in place with several major oil companies focused on the Bakken and Frobisher oil formations. The Bakken and Frobisher plays are known for their large reserve potential. During 2007, four horizontal Frobisher wells were drilled and each began producing approximately 200 bopd (25 bopd net). In July 2007, a horizontal Bakken well was drilled and completed for light oil production. There are now 10-12 successful royalty paying wells producing at Viewfield. Cobra doesn't pay any drilling or maintenance costs in the area while receiving approximately 16% of gross revenues through gross overriding royalty (GORR) arrangements. The company holds 80% ownership of the freehold mineral rights on these lands.

Cobra estimates that up to 26 potential well locations remain at Viewfield based on current spacing regulations. Several wells are under drilling commitment with large energy partners targeting the Frobisher and Bakken formations on Cobra lands. Additional wells are anticipated, but will be dependent upon the success of the initial wells. The company is engaged in a multi-well farm-out with a junior oil and gas company on 640 (480 net) acres with a commitment to drill two 1-mile horizontal Bakken wells subject to gross overriding royalties of 20% payable to Cobra. In January 2008, Cobra sold some leased lands in Saskatchewan for proceeds of \$790,000.

At Pembina, under a third party joint venture agreement, the company reported a new natural gas pool discovery in 2006. A \$7.5 million capital expenditure program has since been planned for the property with approximately \$2.5 million spent to date. A three well earn-in drilling program was conducted at Pembina in 2007 to earn a 40% working interest in 7 sections of land. The company has drilled a total of four wells on this property. During the first quarter ended Feb. 28, 2010, Cobra began receiving production revenue from 2 more Pembina wells (27% working interest). Up to 12 additional locations have been identified.

In Alberta, 800 acres have been leased in Alderson, Willesden Green, and Iosegun where Cobra owns varying interests ranging from 20-80%. The company has successfully drilled the first of two Cardium wells at Willesden Green and tie-in is anticipated once further testing is completed. At Iosegun, a Nisku recompletion program is planned with the first re-entry expected to contribute 20-30 bopd if successful. Cobra has a 20% working interest at Iosegun. A 3D seismic program has been completed at Alderson at no cost to Cobra (25% working interest). Evaluation of the 3D seismic data indicates a large anomaly that has the potential for a new oil pool. At Valhalla, Alberta, the company has entered into an agreement to acquire a 20% interest in some land prospective for natural gas with an option to increase the working interest to 50%. Once this land acquisition is closed, a location has been identified for drilling. Cobra has also acquired a 40% net working interest in a 5 year crown lease for one section of land at Morinville in Central Alberta.

Cobra has a lease on 640 acres of land at Inga, B.C. (75% working interest) expiring in 2011 and management believes that this area has significant natural gas reserve potential based on a high impact, multi-zone gas bearing structure from 2D seismic. The

company may continue to acquire land at Inga and will likely enter into a farm-out or joint venture agreement.

Cobra uses the royalties it receives to offset acquisition and deferred costs including drilling, engineering, and geological costs. During the first quarter of fiscal 2010 ended February 28, 2010, Cobra received royalty revenues of \$522,786 from Viewfield along with \$15,041 in production revenue from Pembina.

Cobra has been very successful in its Viewfield project development to date and the potential remains to unlock significant additional value in the area. With stronger oil prices in fiscal Q4 and Q1 ended November 30 and February 28, respectively, Cobra has strung together two consecutive quarters with very positive results in terms of total revenues and net income. As at February 28, 2010, Cobra had a strong balance sheet with working capital of \$1.5 million or \$0.10 per share and no long-term debt. In addition, Cobra still owns 2.5 million shares of a private company which are carried at cost on the balance sheet. This private company is currently very well financed and is likely to go public in the near future which could provide a significant boost for Cobra. The company's shares are currently trading at less than 2 times annualized earnings after taking into account the current working capital position.

FINANCIAL & OPERATING RESULTS

3 months ended Feb. 28 Year ended Nov 30

	2010	2009	2009	2008
FINANCIAL				
Revenue	\$ 537,827	\$ 84,066	\$ 803,953	\$1,033,684
Direct Costs	99,391	26,227	156,995	129,275
Gross Profit	438,436	57,839	646,958	904,409
Gain on Sale of Leased Land	-	-	-	330,737
Net Income	192,419	(95,171)	4,019	528,646
per share	0.013	(0.006)	0.000	0.036

CORE AREA REVIEW

Viewfield, Saskatchewan

- multi-well farm-out agreements in place with several major oil companies focused on Bakken/Frobisher plays
- numerous producing light oil wells from the Frobisher and Bakken formations including four successful wells drilled during quarter ended Feb. 28, 2010
- further Bakken/Frobisher wells are anticipated - potential for up to 26 additional wells
- over 2,000 acres under development with large reserve potential

Pembina, Alberta

- 3 well earn-in drilling program completed in 2007 to earn 40% working interest in 7 sections of land
- 27% working interest in 2 producing natural gas wells from Q1 2010
- 10-12 drilling locations being evaluated that target Belly River and Edmonton Sands natural gas zones

Inga, B.C.

- 75% net working interest with plans to JV or farm-out
- 640 acres held under lease expiring in 2011
- multi-zone gas potential with long reserve life

BALANCE SHEET

(as at February 28, 2010)

Current Assets*	\$ 1,682,080
Total Assets	3,103,546
Current Liabilities	178,201
Long-Term Debt	nil
Shareholders' Equity	2,627,598

* includes cash of \$1.11 million or \$0.075 per share

SHARES OUTSTANDING

(As at Feb. 28, 2010)

Basic	*14,940,750
Fully-diluted	**17,295,750

* management and directors hold approximately 27% of the outstanding shares

** 2,355,000 stock options are included in the fully-diluted shares

MANAGEMENT:

Dan Evans, President & CEO, Director
Murray Rodgers, P. Geo, Director
Cyrus Driver, CA, Director
Dave Evans, Director
Richard Mellis, Landman

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