The following information, prepared as of June 25, 2015, should be read in conjunction with the condensed interim consolidated financial statements of Terra Nova Energy Ltd. (the "Company" or "Terra Nova") for the nine months ended April 30, 2015, together with the audited consolidated financial statements of the Company for the year ended July 31, 2014 and the accompanying management's Discussion and Analysis (the "Annual MD&A") for that fiscal year. The referenced condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"). All amounts are expressed in Canadian dollars ($) or Australian dollars (A$) unless otherwise indicated.

Forward-looking Statements

Forward-looking statements look into the future and provide an opinion as to the effect of certain events and trends on the business. Forward-looking statements may include words such as "plans", "intends", "anticipates", "should", "estimates", "expects", "believes", "indicates", "suggests" and similar expressions.

This MD&A, and in particular, the "Outlook" section contains forward-looking statements. These forward-looking statements include without limitation: statements about the Company's exploration plans and outlook; interpretations and discussion of seismic, drilling and well testing results and financing obligations with regard to future exploration of the petroleum exploration licences or properties owned by, or, under option to the Company. As such, all forward-looking statements are based on current expectations and various estimates, factors and assumptions and involve known and unknown risks, uncertainties and other factors. Information concerning the interpretation of seismic, drilling or well testing results may also be considered a forward-looking statement as such information constitutes a prediction of what hydrocarbons might be found to be present if and when hydrocarbons are discovered and recovered in economic quantity.

It is important to note that unless otherwise indicated, forward-looking statements in this MD&A describe the Company's expectations as of June 25, 2015. Readers are cautioned not to place undue reliance on these statements as the Company's actual results, performance or achievements may differ materially from any future results, performance or achievements expressed or implied by such forward-looking statements if known or unknown risks, uncertainties or other factors affect the Company's business, or if the Company's estimates or assumptions prove inaccurate. Such risks and other factors include, among others, risks related to the integration of acquisitions or new discoveries, if any; risks related to operations; actual results of current exploration activities; actual results of current reclamation activities, if any; conclusions of economic evaluations; changes in project parameters as plans continue to be refined; future prices of hydrocarbons; accidents, labour disputes and other risks of the oil and gas exploration industry; delays in obtaining governmental approvals or financing or in the completion of wells or integration with hydrocarbon collection infrastructure, as well as those factors discussed in the section entitled "Risk Factors" appearing elsewhere herein. Therefore, the Company cannot provide any assurance that forward-looking statements will materialize; and subject to applicable laws, the Company assumes no obligation to update or revise any forward-looking statement, whether as a result of new information, future events or any other reason.

For a description of material factors that could cause the Company's actual results to differ materially from the forward-looking statements in this MD&A, please see **Risks and Uncertainties**.

General

Terra Nova Energy Ltd. was incorporated under the British Columbia Business Corporations Act and continues under the laws of Alberta effective August 20, 2012. The Company's principal business is the acquisition and exploration of petroleum and natural gas properties. The Company's shares trade on the TSX Venture Exchange (the "TSX-V") under the symbol "TGC", the Frankfurt Stock Exchange under the symbol "GLTN" and the OTCQX marketplace under the symbol "TNVMF". The Company's corporate head office is located at Suite 880, 580 Hornby Street, Vancouver, British Columbia, Canada.

Highlights

1. On August 6, 2014, the Company announced that it had begun the reprocessing of the Wingman 3D seismic survey that was acquired on PEL 444. The Company decided to reprocess the Wingman 3D seismic survey based on new information discovered while integrating field data from the Charo-Snatcher field located approximately 21 km South-East of the Wingman Survey. The reprocessing of Wingman and integration with Charo-Snatcher was completed on September 3, 2014 and the Company began the process of interpreting the data. On November 21, 2014, the Company announced that interpretation of the data has been completed and the Company identified six prospective geological features that appear suitable for drilling exploratory wells. On March 30, 2014, the Company announced that it had completed the heritage clearances and environmental assessments required for the upcoming drilling campaign and was applying for site preparation approval as well as drilling permits.

2. On October 8, 2014, the Company received contributions of A$193,844 from one of the Farmors. Refer to the Exploration Activities section for further details on the receivables from Farmors.

3. On December 24, 2014, the remaining $1,500,000 of convertible notes were converted into 13,636,364 common shares of the Company.

4. On January 30, 2015, the Company completed a private placement offering of 2,532,500 units at a price of $0.20 per unit for gross proceeds of $506,500.

5. On February 23, 2015, the Company sold a 5.1666% working interest in each of PEL 112 and PEL 444 to Perseville Investing Inc. ("Perseville") for a total of $3,000,000, including payment of A$189,614 ($186,426) of amounts owing to the Company. The net amount of $2,813,574 was applied to the sale of the 5.1666% working interest in the PELs. Terra Nova plans to use the proceeds towards the drilling of exploration wells in the upcoming operational program on PEL 444. Prior to closing of the transaction, Perseville owned a 25.6664% working interest in each of PEL 112 and PEL 444.

6. On May 19, 2015, the Company announced that it had terminated its Farm-in Agreement with Holloman Energy Corporation ("Holloman") and plans to advances its working interests in PELs 112 and 444 on a pro-rata basis. Terra Nova reviewed the terms of the Farm-in Agreement in light of the current oil environment and concluded there is potential to generate higher returns for its shareholders by funding a proportional share in exploration costs.

Management Changes

On October 31, 2014, Mr. Robert McMorran resigned as Chief Financial Officer and was replaced by Mr. Matthew Anderson. Mr. McMorran remains on the Board of Directors. Mr. Anderson holds a Bachelor of Commerce degree from McGill University and obtained his Chartered Accountant designation in 2008 while articling at a large accounting firm. Matt is a Senior Consultant with Malaspina Consultants Inc., a private company that provides accounting and administrative infrastructure to junior public companies. Malaspina Consultants Inc. is wholly-owned by Mr. McMorran.

Exploration and Evaluation Interests

On May 11, 2012, as amended on May 29, 2013, the Company entered into an oil and gas farm-in agreement to secure the right to earn up to a 55% working interest in petroleum and natural gas rights on certain on-shore Australian Petroleum Exploration Licenses ("PELs"), known as PELs 112 and 444 (the "Farm-in Agreement"). The purchase price paid for the exploration and evaluation ("E&E") rights included cash payments that totaled $351,165 (US$350,000), 1,000,000 common shares having a market value of $250,000 and transaction costs including directly attributable due diligence and legal fees of $235,448.

PEL's 112 and 444 comprise approximately 1,086 km² and 2,358 km² respectively. These properties are located on the Western flank of the Cooper-Eromanga Basin in the northeastern sector of the state of South Australia (the "Exploration and Evaluation Interests" or "E&E Interests").

To earn an initial 20% interest in each PEL, the Company completed initial seismic acquisition requirements as outlined in the Farm-in Agreement (the "Seismic Earn-in Obligation"). Any amounts incurred pursuant to the Seismic Earn-in Obligation in excess of A$4,700,000 shall be borne by Terra Nova as to 55% and by the farmors as to 45%.

During the year ended July 31, 2013, the Company completed the seismic acquisition requirements for PEL 112 and accordingly, the Company earned a 20% interest in PEL 112. During the year ended July 31, 2014, the Company earned a 20% interest in PEL 444 on completion of the seismic acquisition requirements.

At April 30, 2015, the Company had incurred A$7,167,485 ($7,275,959) of the Seismic Earn-in Obligation. The farmors are obligated to pay for 45% of Seismic Earn-in Obligation in excess of A$4,700,000. In July 2013, the Company received contributions of A$523,259 from one of the farmors. In October 2014, the Company received contributions of A$193,844 from another one of the farmors and in February 2015 the Company received a further A$189,614. At April 30, 2015, the Company has recorded a receivable of A$214,698 ($204,672) from the farmors. At April 30, 2015, the Company recognized an allowance for doubtful accounts of A$214,698 ($204,672).

The Company earned an additional 5.8333% interest in each PEL by drilling one well at PEL 112 during the year ended July 31, 2014. As at July 31, 2014, the Company had a 25.8333% interest in PEL 112 and PEL 444.

On February 23, 2015, the Company sold a 5.1666% working interest in each of PEL 112 and PEL 444 to Perseville Investing Inc. ("Perseville") for a total of $3,000,000 (the "Transaction"), including payment of A$189,614 ($186,426) of amounts owing to the Company. The net amount of $2,813,574 was applied to the sale of the 5.1666% working interest in the PELs.

Prior to closing of the Transaction, Perseville owned a 25.6664% working interest in each of PEL 112 and PEL 444. Accordingly, Perseville increased its working interest in PEL 112 and PEL 444 to 30.8330% and Terra Nova now owns a 20.6667% working interest in each of PEL 112 and PEL 444.

Perseville is a related party of Terra Nova as it is a private company controlled by a family member of a Director of Terra Nova.

On May 19, 2015, the Company announced that it had terminated its Farm-In Agreement with Holloman. The Company plans to fund all of the exploration of PELs 112 and 444 on a pro-rata basis to the respective working interests of Perseville, Holloman and the Company. Terra Nova reviewed the terms of the Farm-In Agreement in light of the current oil environment and concluded there is potential to generate higher returns for its shareholders by funding a proportional share in exploration costs, than under the Farm-in Agreement.

To date, Terra Nova earned its initial 20.6667% interest at a net cost of approximately $6.2 million. The Farm-In Agreement, which was negotiated in March of 2012 when oil was near $100 per barrel, was estimated to require exploration expenditures of $12 to $15 million in order to earn up to an additional 29.16% working interest ($412K to $514K per 1%).

Terra Nova plans on proposing to Holloman and Perseville a multi-well program for completion in 2015. This program may include two to four wells at an estimated total cost of $5 to $10 million, of which Terra Nova's proportional share is estimated to be $1.5 to $2.0 million. Terra Nova has in excess of $2.9 million in cash and is fully funded to contribute its share of exploration expenditures. In the event the other parties decline to fund exploration, Terra Nova will seek to fund up to two holes.

Following termination of the Farm-In Agreement, Terra Nova, Holloman and Perseville, being the working interest holders of EPL 112 and 444, are now subject to the 2006 Joint Operating Agreement (the "JOA"). Terra Nova, being appointed as operator pursuant to the Farm-In Agreement and Deeds of Assignment, will continue to serve as operator. Further, the JOA provides than an operator can only be removed by a vote of not less than 51% of the participating interests. The operator has the right to propose an exploration budget after which point each party must approve capital to fund its working interest. The current working interest in the PELs is 48.5003% for Holloman, 30.8330% for Perseville and 20.6667% for Terra Nova.

In the event that a party to the JOA does not participate in a work program, the JOA provides that the proposed work program will be conducted as a "sole risk operation" by the participating parties. Pursuant to the sole risk operation provisions of the JOA and provided that the work program results in a discovery of a field, the non-participating parties would be excluded from participating in any future activities on the newly discovered field. Notwithstanding the foregoing, the non-participating parties may still participate in work programs in the area outside of the field and within the applicable license.

Terra Nova recently received approval to extend the deadline for exploration expenditures on PEL 444 from June 1, 2015 to January 11, 2016. PEL 444 is in good standing until January 11, 2016 and PEL 112 is in good standing until January 10, 2019.

Exploration Activities

Seismic Surveys

As initially conceived, the Farm-in Agreement contemplated 2D seismic work on both PEL 112 and PEL 444. In the course of planning this work, management determined that the recent discoveries in the area had effectively utilized 3D seismic survey data. In this light, and given the geological environment under consideration, management determined that the potential for a successful discovery increased significantly with reliance on the more expensive 3D seismic data.

In the period since May 11, 2012 the Company initiated, planned and completed a 3D seismic survey, including interpretation, on approximately 127 km² located on PEL 112 (the "Mulka 3D PEL 112 Seismic Program") representing approximately 6% of the total acreage within the PEL. On January 24, 2013, Company announced that it had processed and interpreted the PEL 112 seismic data. The Company identified four drillable exploration prospects from the survey. These prospects bore technical similarity to producing structures observed in the existing oil pools to the north, including the Butlers, Perlubie and Parsons fields.

Total cost to complete the Mulka 3D PEL 112 Seismic Program was expected to be approximately A$3,740,000 leaving a balance of approximately A$960,000 to be used towards funding an 80 km^2 3D seismic program on PEL 444 ("PEL 444 3D Seismic Program"). Any seismic costs incurred in excess of A$4,700,000 were to be funded as to 55% by the Company and as to 45% by the joint working-interest partners (the "Farmors"). At April 30, 2015, the Company had incurred A$7,167,485 of the Seismic Earn-in Obligation. In July 2013, the Company received contributions of A$523,259 from Holloman, one of the Farmors. In October 2014, the Company received contributions of A$193,844 from one of the original Farmors and in February 2015 the Company received a further A$189,614. At April 30, 2015, the Company has recorded a receivable of A$214,698 from the Farmors. At April 30, 2015, the Company recognized an allowance for doubtful accounts of A$214,698 ($204,672).

On June 10, 2013, the Company announced that seismic crews set camp and began line preparation of PEL 444 on May 29, 2013. The "Wingman" 3D seismic survey was designed to enable acquisition of 80 km^2 of 3D seismic data in the southeast corner of PEL 444's lower panhandle. Acquisition of seismic data on PEL 444's Wingman 3D Seismic Survey was completed on July 1, 2013. A final processed volume was received in early December 2013 and interpretation was completed in January 2014. Various anomalies were identified from the seismic interpretation that may support hydrocarbon trapping, effectively encouraging further analysis.

On August 6, 2014, the Company announced that it had begun the reprocessing of the Wingman 3D seismic survey that was acquired on PEL 444. In December 2013, the Company completed the initial processing of the Wingman Survey on PEL 444 and the Terra Nova team identified as many as nine prospects and leads. The targets are all associated with the Birkhead Formation ("Birkhead") which is the main producer in the Charo-Snatcher field located approximately 21 km South-East of the Wingman Survey. When the Company began the process of integrating the Charo-Snatcher field data with the Wingman survey, it became evident that producing wells in Birkhead have subtle stratigraphic features including channel sands and crevasse splays. These stratigraphic features have very distinct amplitude signatures on the seismic data further emphasizing the importance of amplitude-friendly processing. The Charo-Snatcher field is predominantly associated with light oil production but also has dissolved gas. It is believed that a portion of the amplitude response is influenced by the gas and techniques such as Amplitude Versus Offset ("AVO") can be utilized to determine the presence of hydrocarbon bearing Birkhead sand. In order to further de-risk the already mapped prospects and leads the Company decided to re-process the data with the primary objective of relative amplitude preservation with the broadest possible bandwidth necessary for AVO mapping techniques. The reprocessing of Wingman and integration with Charo-Snatcher was completed on September 3, 2014 and the Company began the process of interpreting the data. On November 21, 2014, the Company announced that interpretation of the data has been completed and the Company identified six prospective geological features that appear suitable for drilling exploratory wells. The geological prospects were recognized using advanced geophysical techniques and are interpreted to have analogous characteristics to those of the adjacent producing Charo-Snatcher field. The process of drilling preparation, including locating and engaging a drill rig and acquiring the required approvals and operational permits, has commenced.

The Company has also commenced the reprocessing of PEL 112's Mulka 3D seismic survey by employing similar techniques that were used in the seismic reprocessing of PEL 444.

Drilling

On October 31, 2012, the Company paid the A$4,500,000 deposit in escrow required to commence drilling on the Initial 3 - Well Program Earn-in Obligation. On May 29, 2013, pursuant to an amending agreement, A$500,000 was advanced to the seismic trust account from the drilling trust account. The remaining A$4,000,000 was applied against 100% of the dry-hole costs of the first well drilled under the Initial 3-Well Program Earn-In.

With the completion of the PEL 112 Mulka 3D seismic survey, the Company was in the position to drill the first exploration well on PEL 112, Wolfman #1, which constituted a commitment well for PEL 112. On May 20, 2013, the Company began construction of access roads and drill site preparation on PEL 112. By mid-June 2013, approximately 18 km of access road were constructed to connect the current road network to PEL 112's Wolfman #1 drilling site. On August 7, 2013, the Company announced the results of the Wolfman #1 exploration well completed on PEL 112. No oil shows were observed while drilling in its primary and secondary oil objectives. The well encountered its primary objective, the Namur Sandstone, at approximately 1,197 metres (3,927 feet), and drilled ahead to its secondary targets in the Birkhead Formation and Hutton sandstones. Wolfman #1 reached a total depth of 1,703 metres (5,587 feet) on August 7, 2013. The well was plugged and abandoned. By drilling Wolfman #1, the Company earned an additional 5.8333% on PEL 112.

Notwithstanding the lack of success on the Wolfman #1 exploration well on PEL 112, management remains confident in the potential of PEL's 112 and 444. The Company recently completed the extensive reprocessing and interpretation of the 3D seismic survey on PEL 444 and the Company has identified six drill targets. The Company is also reprocessing the PEL 112 Mulka 3D seismic survey employing similar techniques as were used in the seismic reprocessing of PEL 444.

On completion of the Perseville Transaction, the Company received $3,000,000 which will be used towards the upcoming drilling program on PEL 444.

Quarterly Information

The following is selected financial data from the Company's unaudited quarterly financial statements for the last eight quarters ending with the most recently completed quarter, being April 30, 2015.

	Three Months Ended ($)			
	April 30, 2015	**January 31, 2015**	**October 31, 2014**	**July 31, 2014**
Total Revenues	-	-	-	-
Loss	(134,529)	(165,687)	(707,061)	(276,863)
Loss Per Share (basic and diluted)[(1)]	(0.00)	(0.00)	(0.01)	(0.00)
Exploration and evaluation interest expenditures	185,085	165,823	126,254	35,851
Working capital (deficiency)	2,650,896	(26,149)	(1,695,390)	(1,375,005)
Total Assets	6,045,551	6,376,765	6,219,571	6,299,155

	Three Months Ended ($)			
	April 30, 2014	**January 31, 2014**	**October 31, 2013**	**July 31, 2013**
Total Revenues	-	-	-	-
Loss	(275,685)	(274,975)	(1,342,648)	(4,267,402)
Loss Per Share (basic and diluted)[(1)]	(0.00)	(0.00)	(0.02)	(0.07)
Exploration and evaluation interest expenditures	145,884	63,359	1,212,329	5,443,155
Working capital (deficiency)	(1,942,904)	(1,599,525)	(715,407)	458,494
Total Assets	6,549,268	6,420,337	6,750,290	8,254,667

(1) The basic and diluted loss per share calculations result in the same amount due to the anti-dilutive effect of outstanding stock options and warrants.

The increase in loss recorded during the three months ended October 31, 2014 was due to recording share-based payments expense of $486,345. The increase in loss recorded during the three months ended October 31, 2013 and the three months ended July 31, 2013 was due to writing-off the costs of drilling Wolfman #1, the first well drilled at PEL 112 and writing-off a portion of the seismic expenditures on PEL 112.

Results of Operations

Nine months ended April 30, 2015
The Company recorded a loss of $1,007,277 ($0.01 per share) for the nine months ended April 30, 2015 as compared to a loss of $1,893,308 ($0.03 per share) for the nine months ended April 30, 2014. The table below details certain non-cash or unusual transactions that for the purposes of this discussion have been adjusted out of the reported loss to produce an adjusted loss that forms a better basis for comparing the period-over-period operating results of the Company.

	2015 $	**2014 $**
Loss for the period as reported	(1,007,277)	(1,893,308)
Share-based payments	486,345	32,512
Write-off of exploration and evaluation interests	-	1,139,707
Interest, accretion and loan placement expense	75,000	318,959
Adjusted loss for the period [(1)]	(445,932)	(402,130)

(1) Adjusted loss for the period is not a term recognized under IFRS. Non-IFRS measures do not have standardized meaning. Accordingly, non-IFRS measures should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS.

Comments regarding certain of these items are as follows:

- Share-based payments represents the fair value of stock options granted during the nine months ended April 30, 2015 (4,325,000 options);

- Write-off of exploration and evaluation interests was due to writing-off the costs of drilling Wolfman #1, the first well drilled at PEL 112; and,

- Interest, accretion and loan placement expense is a result of the convertible notes issued on June 28, 2013.

The comments below relate to the results of operations excluding the items (primarily non-cash) discussed above:

The approximate $44,000 increase in the adjusted loss for the nine months ended April 30, 2015 as compared to the nine months ended April 30, 2014 is due primarily to the fact that the Company charged $43,029 for the recovery of management overhead as stipulated in the Joint Operating Agreement during the nine months ended April 30, 2014 (2015 - $6,223).

Details of changes in certain expense items are as follows:

Audit and accounting fees of $94,664 (2014 - $146,294) include fees for general accounting services and accruals for audit fees.

Filing and transfer agent fees of $33,729 (2014 - $51,622) include fees paid to the Company's transfer agent and fees paid to the TSX Venture Exchange and the OTCQX marketplace.
Legal fees of $31,138 (2014 - $39,462) in the current period are for general business matters.

Management fees of $148,630 (2014 - $146,777) include fees paid to the CEO, Henry Aldorf and the VP of Finance, Nico Civelli.

Office and miscellaneous expenses of $73,685 (2014 - $27,650) includes expenses such as rent, insurance, bank fees, interest, and office management. The increase is primarily due to increased rent, insurance and office management.

Shareholder communications of $35,096 (2014 - $9,264) includes costs associated with marketing and promoting the Company to current and potential shareholders.

Travel and related expenses of $30,512 (2014 - $23,312) includes executive travel to and from Australia and other incidental travel.

Financing Activities and Capital Expenditures

During the nine months ended April 30, 2015, the Company completed the following financing:

i) On January 30, 2015, the Company completed a private placement offering of 2,532,500 units at a price of $0.20 per unit for gross proceeds of $506,500. Each unit is comprised of one common share and one-half of one common share purchase warrant with each whole warrant entitling the holder thereof to purchase one additional common share at $0.25 per share up to January 30, 2016. In connection with the private placement, the Company incurred $4,252 of legal and filing fees.

The Company extended the term of $1,500,000 of convertible notes from June 28, 2014 to December 28, 2014 with all other terms remaining unchanged. On December 24, 2014, the remaining $1,500,000 of convertible notes were converted into 13,636,364 common shares of the Company.

The capital expenditures of the Company during the nine months ended April 30, 2015 amounted to a recovery of cash of $2,822,910. The Company recovered A$303,458 during the period from the Farmors relating to seismic costs in excess of A$4,700,000. The Company also received $2,813,574 from the sale of a minority working interest in PELs 112 and 444. The Company incurred $477,162 of expenses all of which was incurred on 3D seismic data reprocessing, preparing for PEL 444 drilling and other oil and gas activities.

Liquidity and Capital Resources

The Company's operations consumed approximately $516,000 of cash (before working capital items) for the nine months ended April 30, 2015. An additional approximate $2,823,000 of expenditures were recovered on the oil and gas interests. The cash recoveries of approximately $2,823,000 was from the recovery of A$383,458 from the Farmors plus $2,813,574 received from the sale of a minority interest less total expenditures of approximately $477,000. The cash requirement was fulfilled from cash and cash held-in-trust on hand at the beginning of the period, proceeds from the exercise of 90,909 share purchase warrants at $0.11 per share, proceeds from a private placement of $506,500 and $2,813,574 from the sale of a minority interest.

The Company's aggregate operating, investing and financing activities during the nine months ended April 30, 2015 resulted in a net increase of $2,755,119 in its cash and cash held-in-trust balance of $152,143 at July 31, 2014 to $2,907,262 at April 30, 2015.

At July 31, 2014, the Company had recorded a receivable of A$612,851 ($620,695) from the Farmors. At July 31, 2014, the Company recognized an allowance for doubtful accounts of A$404,312 ($409,487) due to the delays in collecting the receivables from the Farmors. Allowance for doubtful accounts relates to amounts receivable from the Farmors for seismic expenditures in excess of A$4.7M. During the nine months ended April 30, 2015, the Company received A$383,458 from the Farmors. The revised receivable balance at April 30, 2015 is A$214,698 ($204,672), less an allowance for doubtful accounts of A$214,698 ($204,672). The Farmor and the Company are negotiating a settlement of outstanding receivables.

The Company has recently received $3,000,000 to continue exploration of PEL 112 and PEL 444 by selling a 5.1666% interest in the PELs to Perseville and recovering A$189,614 of receivables.

Transactions with Related Parties

During the three and nine months ended April 30, 2015 and 2014, the Company incurred the following expenditures charged by directors and officers of the Company and/or companies they owned or were significant shareholders of:

	Three months ended April 30,		Nine months ended April 30,	
	2015	2014	2015	2014
	$	$	$	$
Non-audit accounting fees[1]	9,139	5,602	32,412	37,642
Legal fees (corporate secretary)[2]	1,093	2,904	8,648	6,501
Management fees[3]	37,500	38,874	114,000	146,435
Office and miscellaneous fees	9,000	-	33,000	-
Exploration and evaluation interests - management and consulting fees[4]	31,323	45,937	72,852	105,181
	88,055	93,317	260,912	295,759

(1) Includes fees billed by a company owned by a director, Rob McMorran.
(2) Includes corporate secretary fees billed by a company owned by a director, Rob McMorran.
(3) Includes fees billed by the CEO, Henry Aldorf, and fees billed by a company controlled by the VP of Finance, Nico Civelli.
(4) Includes fees billed by a company owned by the VP of Exploration, Chas Lane.

At April 30, 2015, accounts payable and accrued liabilities included $77,363 (July 31, 2014 - $121,219) of amounts owing to directors and officers of the Company and/or companies they control or of which they were significant shareholders. The amounts owing include amounts related to expenditures charged to the Company and for reimbursements of expenditures paid for on behalf of the Company. The amounts owing are unsecured, non-interest bearing and due on demand.

Key management includes the Chief Executive Officer, the Chief Financial Officer, the VP of Exploration, the VP of Finance and the directors of the Company. The compensation paid or payable to key management for services during the nine months ended April 30, 2015 and 2014 is identical to the table above other than share-based payments expense. During the nine months ended April 30, 2015, key management received share-based payments of $323,293 (2014 - $32,512).

On February 23, 2015, the Company completed the Perseville Transaction where the Company sold an interest in PEL 112 and PEL 444 for $2,813,574. Perseville is a related party of Terra Nova as it is a private company controlled by Carlo Civelli. Nico Civelli, Vice President of Finance and a director of Terra Nova, is the son of Carlo Civelli.

Financial Instruments

Classification of Financial Instruments
The Company's financial instruments consist of cash, cash held-in-trust, receivable, accounts payable and accrued liabilities and convertible notes. The Company designated its cash, cash held-in-trust and receivable as loans and receivables, which are measured at amortized cost. The accounts payable and accrued liabilities and the liability component of the convertible notes are classified as other financial liabilities, which are measured at amortized cost.

Discussions of risks associated with financial assets and liabilities are detailed below:

Foreign Exchange Risk
Foreign currency exchange rate risk is the risk that the fair value of future cash flows will fluctuate as a result of changes in foreign exchange rates. A portion of the Company's financial assets and liabilities are denominated in Australian dollars. The Company monitors this exposure, but has no hedge positions.

As at April 30, 2015 and July 31, 2014, the Company had exposure to Australian dollars as follows:

	April 30, 2015 A$	July 31, 2014 A$
Cash and cash held-in-trust	112,251	125,075
Receivable from farmors	-	211,208
Accounts payable and accrued liabilities	(33,187)	(5,497)
Net exposure to Australian dollars	79,064	330,786

At April 30, 2015, a 5% change in the value to the Australian dollar as compared to the Canadian dollar would result in a change in other comprehensive loss and equity attributable to shareholders of approximately A$4,000.

Credit Risk
Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Credit risk arises from cash held with banks and financial institutions as well as receivables from farmors. The maximum exposure to credit risk is equal to the carrying value of the financial assets. The Company's cash is primarily held with a financial institution. The receivables from farmors is due from Holloman and Perseville.

Interest Rate Risk
Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. Except to the extent that the balance of cash held-in trust is earning interest, the Company has no financial instruments that could otherwise be exposed to interest rate risk.

Liquidity Risk
Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with its financial liabilities. The Company manages liquidity risk by maintaining sufficient cash to enable settlement of transactions on the due date. Management monitors the Company's contractual obligations and other expenses to ensure adequate liquidity is maintained.

Outstanding Share Data

a) Authorized Capital:

Unlimited common shares, without par value

b) Issued and outstanding:

87,533,785 common shares as at June 25, 2015

c) Outstanding options, warrants and conversion feature of convertible notes as at June 25, 2015:

Security	Number	Exercise Price ($)	Expiry date
Stock Options	1,300,000	0.18	July 18, 2018
Stock Options	4,325,000	0.18	October 31, 2019
Stock Options	700,000	0.30	May 16, 2022
Warrants	727,272	0.11	June 28, 2015
Warrants	1,266,250	0.25	January 30, 2016

Disclosure Controls and Procedures

In connection with National Instrument 52-109 (Certificate of Disclosure in Issuer's Annual and Interim Filings) ("NI 52-109"), the Chief Executive Officer and Chief Financial Officer of the Company have filed a Venture Issuer Basic Certificate with respect to the financial information contained in the consolidated financial statements for the nine months ended April 30, 2015 and this accompanying MD&A (together, the "Interim Filings").

In contrast to the full certificate under NI 52-109, the Venture Issuer Basic Certificate does not include representations relating to the establishment and maintenance of disclosure controls and procedures and internal control over financial reporting, as defined in NI 52-109. For further information the reader should refer to the Venture Issuer Basic Certificates filed by the Company with the Interim Filings on SEDAR at www.sedar.com.

Risks and Uncertainties

Certain risks are faced by the Company which could affect its financial position. In general they relate to the availability of equity capital to finance the acquisition, exploration and development of existing and future exploration and development projects. The availability of equity capital to junior oil and gas companies is affected by commodity prices, global economic conditions and economic conditions and government policies in the countries of operation, among other things. These factors are beyond the control of the management of the Company and have a direct effect on the Company's ability to raise capital.

The Company's working capital and liquidity will fluctuate in proportion to its ongoing equity financing activities. The Company requires a certain amount of liquid capital in order to sustain its operations and in order to meet various obligations as specified under the its resource property acquisition agreements. Should the Company fail to obtain future equity financing due to reasons as described above, it will not be able to meet these obligations and may lose its interests in the properties covered by the agreements. Further, should the Company be unable to obtain sufficient equity financing for working capital, it may be unable to meet its ongoing operational commitments.

All of the Company's oil and gas properties are in the exploration stage and without known reserves. Exploration, development and production of oil and gas involves substantial expenditures and a high degree of risk. Few properties which are explored are ultimately developed into producing properties. Accordingly, the Company has no material revenue, writes off its oil and gas interests from time to time, and operates at a loss. Continued operations are dependent upon ongoing equity financing activities.

Outlook

The Company has secured the rights to explore more than 3,400 km² of PEL 112 and PEL 444 located on the Western Flank of the Cooper-Eromanga Basin in South Australia. These properties are situated adjacent to leases with recent oil discoveries, the prospects of which were largely matured using 3D seismic, and there is considerable potential for further discoveries.

Since undertaking the Farm-in Agreement obligations, the Company has completed 3D seismic surveys on a portion of PEL 112 and PEL 444. The Company has completed one exploration well on PEL 112, Wolfman #1, which resulted in a dry hole. The Company has successfully raised $3,000,000 to conduct a drill program on PEL 444. PEL 444's current license term was to expire in June 2015 but it has been extended to January 2016. PEL 444 has a one-well drilling commitment remaining in order to renew the PEL.

Terra Nova will propose to Holloman and Perseville a multi-well program for completion in 2015. This program may include two to four wells at estimated total cost of $5 to $10 million, of which Terra Nova's proportional share is estimated to be $1.5 to $2.0 million. Terra Nova is fully funded to contribute its share of exploration expenditures. In the event the other parties decline to fund exploration, Terra Nova will seek to fund up to two holes.

The Board of Directors has deferred the appointment of a Chief Executive Officer pending the outcome of the exploration activities on PEL 112 and PEL 444. The Chairman of the Board of Directors will continue to serve as the interim Chief Executive Officer.

Other Information

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