X-TERRA RESOURCES CORPORATION

(an exploration stage company)

(the "Corporation" or "X-Terra")

MANAGEMENT DISCUSSION AND ANALYSIS
("MD&A")

FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2014
(the "Period")

The following MD&A of X-Terra's operating results and financial position follows regulation 51-102 *respecting Continuous Disclosure Obligations* for reporting issuers. It is a complement and supplement to the Corporation's unaudited condensed interim consolidated financial statements and related notes for the three-month period ended March 31, 2014 and should be read in conjunction with it, and with the audited consolidated financial statements for the year ended December 31, 2013 and the related notes thereto. The Corporation prepares its financial statements in accordance with International Financial Reporting Standards ("**IFRS**"). The unaudited condensed interim consolidated financial statements for the three-month period ended March 31, 2014 have been prepared in accordance with IFRS applicable to the preparation of financial statements, including IAS 34 (Interim Financial Reporting) and comparative figures. Unless otherwise indicated, all amounts in this MD&A are in Canadian dollars. Management is responsible for the preparation of the consolidated financial statements and other financial information relating to the Corporation included in this report.

The Board of Directors is responsible for ensuring that management fulfills its responsibilities for financial reporting. In furtherance of the foregoing, the Board has appointed an Audit Committee composed of four directors, three of whom are independent and not members of management. The Committee meets with management and the auditors in order to discuss results of operations and the financial condition of the Corporation prior to making recommendations and submitting the financial statements to the Board of Directors for its consideration and approval for issuance to shareholders. On the recommendation of the Audit Committee, the Board of Directors has approved the Corporation's financial statements on May 23, 2014.

DATE

This MD&A is prepared as of May 23, 2014.

OVERALL PERFORMANCE

Description of Business

X-Terra, an exploration stage company, is in the business of acquiring, exploring and developing mining properties. It has interests in graphite and rare earths properties as well as an important portfolio of shales gas licenses at the exploration stage located in the province of Quebec in Canada. In October 2013, the Corporation entered into a letter of intent (amended on November 29, 2013 and March 4, 2014, see press release March 5, 2014 and May 1, 2014) with an arm's-length Toronto-based private company called Norvista Capital Corporation ("**Norvista Capital**"), for a reverse take-over of X-Terra and the "spin-out" of X-Terra's resource properties in a new public company. The letter of intent provides that X-Terra will amalgamate or otherwise combine with the Toronto-based company and become a natural resources merchant bank. At the same time, X-Terra will transfer all of its resource properties and all of its liabilities to a new company, and distribute the shares of the new company to X-Terra's shareholders. As a result, at the closing of the proposed transaction, X-Terra's shareholders will become shareholders of a new natural resources merchant bank and shareholders of a new company which will carry on X-Terra's current natural resource business (see more information of the transaction in the Subsequent Event section of this MD&A and all details in the management information circular on SEDAR.com).

The Corporation capitalizes property acquisition and exploration expenses relating to mineral and oil and gas properties in which it has an active interest. In the event that such properties become inactive or prove uneconomic, they are written-off. Any reference in this document to "properties" means any mining resources and oil and gas properties in which the Corporation has earned or in the future may earn an interest.

The Corporation is a reporting issuer in British Columbia, Alberta, Manitoba and Ontario and is traded on the TSX Venture Exchange ("**TSX-V**"), under the symbol XT. It also trades on the Frankfurt, Munich and Berlin Exchanges in Europe under the symbol DFUA.

PROPERTIES

1. Mining Properties

Lindsay Property (25 claims)

The 100% owned Lindsay rare earth elements (REE) project is located approximately 125 kilometres south of Rouyn-Noranda, Quebec and 70 kilometres east-northeast of North Bay, Ontario, along the provincial border, halfway between the Elliot Lake uranium camp and the Abitibi gold belt, within the Grenville front. The project consists of 25 unpatented mining claims (1,534 hectares) in the Villedieu Township.

The property is underlaid by gneiss derived from a mature sequence of detrital and chemical metasedimentary rocks called the Kipawa formation that has been metamorphosed to upper amphibolite facies (Rive 1973b). The Kipawa alkaline intrusive complex is situated immediately north of the property and this plutonic mass could extend to the south of the property. The composition and texture of the complex is heterogeneous. Three principal internal units are present: a syenitic-monzonite facies; a banded mafic gneiss facies; and a peralkaline granite facies. The discovery of uranium and gold mineralization at Hunter's Point in 1957 increased uranium exploration in the Kipawa region. In addition, a till sampling survey was conducted by Aurizon Mines in the regions considered most favourable for gold mineralization. This survey has defined four trends of gold dispersion utilizing the analysis of heavy mineral concentrates. The northeast dispersion trend of gold in heavy mineral concentrate is located immediately to the northwest of the property and is evident along the length of a major geological structure in a northwest direction that covers the property at its centre. The heavy mineral concentrates have yielded analyses of more than 0.1 g/t of gold in 27% of samples, including analyses of 1.3 g/t and 2.0 g/t of gold. In April 2012, Fieldex Exploration reports encouraging rare earth results on their Lac Sairs project, they drilled 19.55 metres of 1.10% TREO+Y2O3 north of the Lindsay property. In 2010, a total of three diamond drill holes totaling 358 metres have been done on the Lindsay property. More than 110 samples were sent to a lab for assaying; however, no economic results were obtained from this drilling campaign. The Corporation has completed a National Instrument 43-101 technical report on its Lindsay rare earth property in Kipawa. The Lindsay project is a mid-stage exploration project with historical uranium and rare-earth-elements occurrences and economic potential for these commodities. Area participants, like Matamec Explorations and Fieldex Exploration continue to make progress confirming the potential for other significant discoveries in the Kipawa alcalin complex.

Sheldon Property (76 claims - Graphite)

In today's world graphite is a critical, strategic material and X-Terra's management believes that the Corporation should be involved in this very interesting mineral for these specific reasons:

- Importance will grow with green technologies;
- Up to 10 times more graphite in a li-ion battery than lithium;
- Demand will outstrip supply;
- Just for one market – EV cars – demand by 2020 will require more than is produced globally today;
- There is the electronics market, nuclear energy as well as Graphene; and
- Alternative exploration to the indefinite shale gas moratorium imposed by the Quebec provincial government.

X-Terra acquired by designation on the Quebec Government platform GESTIM, 76 mining claims totaling 43 square kilometres located in the Gaspesia area, west of the former "Federal Mine" (Lead-Zinc-Silver) and north of the city of Chandler (Province of Quebec).

It is estimated that the world reserves of graphite exceed 800 million tons. China is the most significant graphite-producing nation, providing nearly one-half of the United States' annual graphite demand. Flake graphite is also imported to the United States from Brazil, Canada, and Madagascar. Lump graphite is imported from Sri Lanka. Graphite resources in the United States are very small. At one time a significant deposit at Ticonderoga, New York, was exploited, but this source no longer produces graphite. For a number of years, the United States has not produced natural mineral graphite and is completely dependent on the combination of imported, synthetic graphite, and recycled graphite sources.

Uses

Because graphite flakes slip over one another, giving it its greasy feel, graphite has long been used as a lubricant in applications where "wet" lubricants, such as oil, cannot be used. Technological changes are reducing the need for this application. Natural graphite is used mostly in what are called refractory applications. Refractory applications are those that involve extremely high heat and therefore demand materials that will not melt or disintegrate under such extreme conditions. One example of this use is in the crucibles used in the steel industry. Such refractory applications account for the majority of the usage of graphite. It is also used to make brake linings, lubricants, and molds in foundries. A variety of other industrial uses account for the remaining graphite consumed each year.

2. Shale gas properties

In March 2011, a 3-years de facto moratorium was placed on shale gas exploration in Quebec by the former Liberal government. This was in response to widespread public concern over the effects of shale gas development and hydraulic fracturing on groundwater quality. In September 2012, a minority Parti Quebecois (PQ) government headed by Pauline Marois has come into power. Part of the PQ government's campaign platform was to uphold the shale gas moratorium imposed by its predecessor. In early February 2013, Environment Minister Yves-François Blanchet announced legislation to ban exploration along the St. Lawrence Valley and suspend any exploration already in progress, at least until the completion of a Strategic Environmental Assessment (SEA) mandated by the Liberals under the initial moratorium, and formal industry regulations are set up and implemented. On April 7th, 2014, a majority Liberal government headed by Philippe Couillard was elected and the Corporation expects an update on Shale gas industry by the new government. In the meantime no new exploration operations were undertaken and this situation will continue until the end of the Moratorium on Shale gas exploration and production.

Rimouski and Rimouski North Properties (5 licences)

Oil and gas exploration in Quebec has been ongoing for the last 140 years. Notable gas discoveries include the Quaternary Pointe-du-Lac Gas Field, the Ordovician age St. Flavien Gas Field, and the Devonian Silurian Galt gas discovery near the town of Gaspé. Oil discoveries include the Port-au-Port oil discovery in Newfoundland and minor oil accumulation at Haldimand, near Gaspé. While the province is known to be petroliferous, the discoveries have been modest. Reservoirs can be found in the Cambrian, Ordovician, Silurian, Devonian and the Quaternary. Up until the "discovery" of the Utica Shale plays, most oil and gas accumulations in the area were conventional.

A compilation has been completed and a 50/50 farm out deal has been finalized with a well-known oil and gas networked partner/operator named Brownstone Energy Inc. ("Brownstone"). In 2008, X-Terra entered into an agreement with Brownstone pursuant to which Brownstone acquired a 50% interest in the exploration licenses in exchange for the issuance to X-Terra of 2,000,000 common shares and 2,000,000 common shares purchase warrants. X-Terra still owns theses shares but all warrants have expired.

X-Terra and its partner Brownstone have made a 5,543-kilometre airborne magnetic survey on the Rimouski, and Rimouski North projects in the St. Laurent Lowlands, Quebec. The survey is composed of 5,543 kilometres of 300-metre-spacing flight lines and 3,000-metre-spacing control lines and was completed by Geophysics GPR International-KalusAir Services Inc. (KASI). Preliminary results from this last study suggest structural fabrics, which could generate targets on the three projects. These structural fabrics have been investigated by a geological field survey in 2010, in order to renew the licences of Rimouski and Rimouski North properties which have good potential targets. The maps are available on the Corporation's website at www.xterraresources.com.

Trois-Pistoles property (8 licences)

The Corporation with its partner Brownstone have acquired 157,570 hectares of additional land in the St. Laurent Lowlands between Rimouski and Rivière-du-Loup for the potential in oil and gas. An airborne magnetic survey which was flown over the Trois-Pistoles project by the Quebec Natural Resources department is now available.

SUMMARY QUARTERLY INFORMATION

Summary of Quarterly results

The following table sets a comparison of selected quarterly financial information for the previous eight quarters:

Period	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
Year	2014	2013	2013	2013	2013	2012	2012	2012
Revenues	8,099	8,481	8,773	9,096	8,515	11,367	14,576	14,881
Loss for the period	(61,383)	(202,655)	(91,926)	(129,449)*	(320,500)*	(416,343)	(80,780)	(91,723)
Basic and diluted loss per share	(0.01)	(0.01)	(0.01)	(0.01)	(0.03)	(0.04)	(0.01)	(0.00)
Total assets	3,975,556	4,097,300	4,218,852	4,296,829	4,437,351	4,700,189	4,796,293	4,863,252

* The net loss of the first and second quarters of 2013 have been restated to give effect to the recording of the additional declines in fair value of the Corporation's available-for-sale investments in shares of a public company directly in the consolidated statement of loss instead of through other comprehensive loss as it had been previously reported. The details of the restatement are disclosed on note 8 to the interim condensed consolidated financial statements for the nine-month and three-month periods ended September 30, 2013.

X-Terra has not since the date of its incorporation, declared or paid any dividends on its Common Shares. For the foreseeable future, X-Terra anticipates that it will retain future earnings and other cash resources for the operation and development of its business.

Operating activities and results

The Corporation is an exploration company, and, accordingly, does not generate revenue on a regular basis and must continually issue shares in order to further explore its mineral and oil and gas properties and its operations. During the three-month period ended March 31, 2014, the Corporation registered a net loss of $61,383 in comparison with a net loss registered for the three-month period ended March 31, 2013 of $320,500. The Corporation has recorded, for the quarter ended March 31, 2014, interest income of $8,099 ($8,515 for the same quarter in 2013). The Corporation recorded an unrealized loss on marketable securities at fair value through profit or loss of $2,255 (gain of $55 for the quarter ended March 31, 2013). The Corporation recorded no impairment on available-for-sale investment for the quarter ended March 31, 2014 against $280,000 for the same quarter of 2013. The Corporation's expenses for three-month period ended March 31, 2014 are at $67,227 ($49,070 for the three-month period ended March 31, 2013). Professional fees have increased from no amount for the three-month period ended March 31, 2013 to $20,468 for the three-month period ended March 31, 2014. The increase comes from the lawyer fees regarding the reverse take-over transaction. Office and general fees have slightly increased from $9,555 for the quarter ended March 31, 2013 to $10,118 for the quarter ended March 31, 2014. Consulting fees have decreased from $31,140 for the quarter ended March 31, 2013 to $24,520 for the quarter ended March 31, 2014. This decrease is partly due to the fact that the President of the Corporation decreased his consultant fees from $6,000 per month to $3,000. Conference and promotion fees have slightly increased from $1,499 for the quarter ended March 31, 2013 to $2,182 for the quarter ended March 31, 2014. Allocated sums for public company expenses increased from $6,195 for the quarter ended March 31, 2013 to $7,943 for the quarter ended March 31, 2014. The other administrative expenses remained relatively stable, are cyclical and may fluctuate according to the events, which are not always predictable.

Office and general expenses

This is the detail for office and general expenses for the three-month periods ended March 31:

	$	$
	2014	**2013**
Office leasing	6,285	6,285
Insurances	2,052	2,047
Office operations and facilities	1,781	1,223
	10,118	9,555

Financing activities

No financing has been raised during the first quarter of 2014.

Investing activities

During the first quarter of 2014, the Corporation had no cash outflow in acquisition of mining and oil and gas properties and $42,703 in deferred exploration expenses.

Liquidity and working capital

As at March 31, 2014, the Corporation had a working capital of $2,215,764 (December 31, 2013 - $2,277,626), which included cash and cash equivalents of $1,599,426 (December 31, 2013 - $1,702,514). As at March 31, 2014, the Corporation's working capital represents $0.19 per share.

The exercise of the 1,000,000 outstanding stock options as of the date of this report represents an added potential financing of $253,500. These options expire between 2014 and 2023 and have an exercise price between $0.10 and $0.50.

PROJECTED OPERATIONS

The Corporation does not foresee any important acquisition or disposal of property, with the exception of the proposed transaction described in the Subsequent Event section below.

OFF-BALANCE SHEET ARRANGEMENT

X-Terra has not entered into any specialized financial agreements to minimize its investments, currency or commodity risk. There are no off-balance sheets arrangements, such as a guarantee contract, contingent interest in assets transferred to an entity, derivative instruments obligations and/or any obligations that trigger financing, liquidity, market or credit risk to the Corporation.

RELATED PARTY TRANSACTIONS

Related party transactions occurred in the normal course of business and were recorded at the exchange values, which is the consideration determined and agreed to by the related parties. These related party transactions were recorded at the exchange value, which is the consideration determined and agreed to by the related parties. Unless indicated otherwise, the following transactions are included in consulting fees and conference and promotion expenses for the three-month periods ended March 31:

	2014 **$**	**2013** **$**
Leasing contract*	6,000	6,000
Management consulting fees charged by a company controlled by a director of the Corporation	9,000	15,000
Administrative consulting fees charged by a company controlled by a director of the Corporation	15,520	16,140
	30,520	37,140

* The Corporation has entered into a leasing agreement for an office in Rouyn-Noranda with a company controlled by directors and officers of the Corporation.

SUBSEQUENT EVENT

On April 28, 2014, the Corporation entered into an Asset Transfer Agreement with X-Terra Resources Inc. ("**New X-Terra**"), a wholly-owned subsidiary of the Corporation, for a proposed "spin-out" (the "**Spin-Out**") of substantially all of the assets and all of the liabilities of the Corporation to New X-Terra and the distribution of a portion of the shares of New X-Terra to the shareholders of the Corporation. On April 28, 2014, the Corporation also entered into a Share Exchange Agreement with Norvista Resources Corporation and Norvista Capital Corporation for a reverse take-over of the Corporation involving Norvista Capital Corporation (the "**Reverse Take-Over**"), following which the name of the Corporation will be changed to "Norvista Capital Corporation" ("**New Norvista**"). After the Spin-Out and Reverse Take-Over, current shareholders of the Corporation will become shareholders of New X-Terra, which will carry on the Corporation's current mining exploration business, as well as shareholders of New Norvista, which will be a natural resources merchant bank.

Completion of the Spin-Out and Reverse Take-Over is subject to a number of conditions, including but not limited to, regulatory approval, including that of the TSX Venture Exchange, shareholder approval and financing (see all details of the transaction in the management information circular on SEDAR.com).

NEW ACCOUNTING POLICIES IN EFFECT

The new accounting policies in effect for the quarter ended March 31, 2014 are set out in Note 2 to the Corporation's unaudited condensed interim consolidated financial statements.

RISK FACTORS

The risk factors are discussed in the Corporation's most recent Annual Information Form on file with Canadian provincial regulatory authorities, available at www.sedar.com.

OTHER MD&A REQUIREMENTS

Share capital

As at May 23, 2014, the Corporation had the following:

Issued and outstanding- 11,783,069 shares

Stock purchase options outstanding:

Expiry date	Number of options outstanding	Number of options exercisable	Exercise price ($)
July 2014	265,000	265,000	0.50
June 2020	160,000	160,000	0.35
July 2022	50,000	50,000	0.25
July 2023	525,000	525,000	0.10
	1,000,000	1,000,000	

Stock-based compensation is a non-cash item, resulting from the application of the Black-Scholes option pricing model using assumptions for expected dividend yield, average risk-free interest rates, expected life of the options and expected volatility.

OTHER INFORMATION

The Corporation's web address is www.xterraresources.com. Further information regarding the Corporation and its operations are filed electronically on the System for Electronic Document Analysis and Retrieval (SEDAR) in Canada and can be obtained from www.sedar.com.

FORWARD-LOOKING STATEMENTS

Certain statements in this document that are not supported by historical facts are forward-looking, which means that they are subject to risks, uncertainties and other factors that may result in actual results differing from those anticipated or implied by such forward-looking statements. There are many factors that may cause such a disparity, notably unstable metals prices, the impact of fluctuations in foreign exchange markets and interest rates, poor reserves estimates, environmental risks (more stringent regulations), unexpected geological situations, unfavorable mining conditions, political risks arising from mining in developing countries, changing regulations and government policies (laws or policies), failure to obtain required permits and approval from government authorities, or any other risk related to mining and development. Even though the Corporation believes that the assumptions relating to the forward-looking statements are plausible, it is unwise to rely unduly on such statements, which were only valid as of the date of this document.

May 23, 2014.

(S) Martin Dallaire
Martin Dallaire, President and Chief Executive Officer

(S) Sylvain Champagne
Sylvain Champagne, Chief Financial Officer