

X-Terra Resources Corporation

Unaudited Condensed Interim Consolidated Financial Statements
Three-month period ended
March 31, 2014

(expressed in Canadian dollars)

X-Terra Resources Corporation

Management's Responsibility for Financial Reporting

The accompanying unaudited condensed interim consolidated financial statements for X-Terra Resources Corporation are the responsibility of the Management. The unaudited condensed interim consolidated financial statements have been prepared by management, on behalf of the Board of Directors, in accordance with the accounting policies disclosed in the notes to the Corporation's audited consolidated financial statements for the year ended December 31, 2013. Where necessary, management has made informed judgments and estimates in accounting for transactions that were complete at the balance sheet date. In the opinion of management, the unaudited condensed interim consolidated financial statements have been prepared within acceptable limits of materiality and are in accordance with International Financial Reporting Standards applicable to the preparation of interim consolidated financial statements, including IAS 34.

The Board of Directors is responsible for reviewing and approving the unaudited condensed interim consolidated financial statements together with other financial information of the Corporation and for ensuring that management fulfills its financial reporting responsibilities. An Audit Committee assists the Board of Directors in fulfilling this responsibility. The Audit Committee meets with management to review the financial reporting process and the consolidated financial statements together with other financial information of the Corporation. The Audit Committee reports its findings to the Board of Directors for its consideration in approving the unaudited condensed interim consolidated financial statements together with other financial information of the Corporation for issuance to the shareholders.

The unaudited condensed interim consolidated financial statements which are included in this report have not been subject to a review by the Corporation's external auditors.

Management recognizes its responsibility for conducting the Corporation's affairs in compliance with established financial standards, and applicable laws and regulations, and for maintaining proper standards of conduct for its activities.

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

(S) Sylvain Champagne
Sylvain Champagne
Chief Financial Officer

Rouyn-Noranda, Canada
May 23, 2014

X-Terra Resources Corporation

Interim Consolidated Statements of Financial Position

(expressed in Canadian dollars)
(unaudited)

	Note	As at March 31, 2014 \$	As at December 31, 2013 \$
Assets			
Current assets			
Cash and cash equivalents		1,599,426	1,702,514
Marketable securities		505,920	508,175
Investment	3	100,000	100,000
Accounts receivable		16,683	33,098
Tax credits receivable		25,504	24,979
Prepaid insurance		4,548	5,538
		2,252,081	2,374,304
Non-current assets			
Property, plant and equipment		7,165	7,661
Mining and oil and gas properties	4	1,045,970	1,045,970
Deferred exploration expenses	5	670,340	669,365
		1,723,475	1,722,996
Total assets		3,975,556	4,097,300
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities		36,317	96,678
Total liabilities		36,317	96,678
Equity			
Share capital		25,466,499	25,466,499
Contributed surplus		4,586,837	4,586,837
Accumulated other comprehensive income		10,000	10,000
Deficit		(26,124,097)	(26,062,714)
Total equity		3,939,239	4,000,622
Total liabilities and equity		3,975,556	4,097,300

Subsequent event

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The accompanying notes are an integral part of these unaudited condensed interim consolidated financial statements.

X-Terra Resources Corporation
Interim Consolidated Statements of Loss
For the three-month periods ended March 31,

(expressed in Canadian dollars, except number of shares)
(unaudited)

	Note	2014 \$	2013 \$
Expenses			
Professional fees		20,468	-
Consulting fees		24,520	31,140
Public company expenses		7,943	6,195
Office and general		10,118	9,555
Conference and promotion		2,182	1,499
Depreciation		496	681
Exploration expenses		1,500	-
		<hr/>	<hr/>
Operating loss		67,227	49,070
Finance income		(8,099)	(8,515)
Unrealized loss (gain) on marketable securities at fair value through profit or loss		2,255	(55)
Impairment on available-for-sale investment	3	-	280,000
		<hr/>	<hr/>
Net loss for the period		61,383	320,500
		<hr/>	<hr/>
Basic and diluted net loss per share		0.01	0.03
		<hr/>	<hr/>
Weighted average number of shares outstanding			
Basic and diluted		11,783,069	11,783,069
		<hr/>	<hr/>

Net loss is solely attributable to X-Terra Resources Corporation shareholders.

The accompanying notes are an integral part of these unaudited condensed interim consolidated financial statements.

X-Terra Resources Corporation
Interim Consolidated Statements of Comprehensive Loss
For the three-month periods ended March 31,

(expressed in Canadian dollars)
(unaudited)

	Note	2014 \$	2013 \$
Net loss for the period		<u>61,383</u>	<u>320,500</u>
Other comprehensive income that may be reclassified subsequently to net loss			
Changes in fair value of available-for-sale investment Unrealized gain	3	<u>-</u>	<u>-</u>
Other comprehensive income that may be reclassified subsequently to net loss		<u>-</u>	<u>-</u>
Comprehensive loss for the period		<u>61,383</u>	<u>320,500</u>

Comprehensive loss is solely attributable to X-Terra Resources Corporation shareholders.

The accompanying notes are an integral part of these unaudited condensed interim consolidated financial statements.

X-Terra Resources Corporation

Interim Consolidated Statements of Changes in Equity

(expressed in Canadian dollars)
(unaudited)

	Number of common shares	Share capital \$	Warrants \$	Contributed surplus \$	Accumulated other comprehensive income \$	Deficit \$	Total equity \$
Balance – January 1, 2014	11,783,069	25,466,499	-	4,586,837	10,000	(26,062,714)	4,000,622
Net loss for the period					-	(61,383)	(61,383)
Balance – March 31, 2014	11,783,069	25,466,499	-	4,586,837	10,000	(26,124,097)	3,939,239
Balance – January 1, 2013	11,783,069	25,466,499	1,840,527	2,694,860	-	(25,318,184)	4,683,702
Net loss for the period					-	(320,500)	(320,500)
Balance – March 31, 2013	11,783,069	25,466,499	1,840,527	2,694,860	-	(25,638,684)	4,363,202

Accumulated other comprehensive income relates solely to available-for-sale investments.

The accompanying notes are an integral part of these unaudited condensed interim consolidated financial statements.

X-Terra Resources Corporation
Interim Consolidated Statements of Cash Flows
For the three-month periods ended March 31,

(expressed in Canadian dollars)
(unaudited)

	Note	2014 \$	2013 \$
Cash flows from			
Operating activities			
Net loss for the year		(61,383)	(320,500)
Adjustments for:			
Depreciation		496	681
Unrealized loss (gain) on marketable securities arising from changes in fair value		2,255	(55)
Impairment on available-for-sale investment		-	280,000
		<u>(58,632)</u>	<u>(39,874)</u>
Changes in items of working capital			
Accounts receivable		16,415	(8,461)
Prepaid insurance		990	996
Accounts payable and accrued liabilities		<u>(19,158)</u>	<u>57,662</u>
		<u>(1,753)</u>	<u>50,197</u>
Net cash provided by (used in) operating activities		<u>(60,385)</u>	<u>10,323</u>
Investing activities			
Expenditures on mining and oil and gas properties		-	(4,070)
Expenditures on deferred exploration expenses		<u>(42,703)</u>	<u>(43,642)</u>
Net cash used in investing activities		<u>(42,703)</u>	<u>(47,712)</u>
Net change in cash and cash equivalents during the period		(103,088)	(37,389)
Cash and cash equivalents – Beginning of period		1,702,514	2,054,073
Cash and cash equivalents – End of period		<u>1,599,426</u>	<u>2,016,684</u>
Supplemental information			
Deferred exploration expenses included in accounts payable and accrued liabilities		500	41,703
Interest received		198	164

The accompanying notes are an integral part of these unaudited condensed interim consolidated financial statements.

X-Terra Resources Corporation

Notes to Condensed Interim Consolidated Financial Statements

For the three-month periods ended March 31, 2014 and 2013

(expressed in Canadian dollars, except as otherwise stated)
(unaudited)

1 Nature of operations and liquidity

X-Terra Resources Corporation (the “Corporation”) was incorporated on February 24, 1987 under the Corporations Act of the Province of British Columbia in Canada and is listed on the TSX Venture Exchange (TSX-V). In 2008, shareholders approved a special resolution authorizing the continuance of the Corporation under the Canada Business Corporations Act. On September 4, 2008, the Corporation obtained a Certificate and Articles of Continuance under the Act, rendering the continuance effective. The address of the Corporation’s headquarters and registered office is 202-139 Québec Avenue, Rouyn-Noranda, Quebec, Canada. The Corporation, an exploration stage company, is in the business of acquiring, exploring and developing mining and oil and gas properties. It has interests in properties at the exploration stage located in Quebec, Canada, and has not yet determined whether they contain mineral deposits that are economically recoverable.

Until it is determined that properties contain mineral reserves or resources that can be economically mined, they are classified as exploration properties. The recoverability of mining and oil and gas properties and deferred exploration expenses is dependent on the discovery of economically recoverable reserves and resources; securing and maintaining title and beneficial interest in the properties; the ability to obtain necessary financing to continue the exploration, evaluation and development of its properties; and obtaining certain government approvals and future profitable production or proceeds from the disposal of properties. Changes in future conditions could require material impairment of the carrying value of the mining and oil and gas properties and deferred exploration expenses. Although the Corporation has taken steps to verify title to its mining and oil and gas properties on which it is currently conducting exploration and in which it is acquiring an interest, in accordance with industry standards for the current stage of exploration of such property, these procedures do not guarantee the Corporation’s title. Property title may be subject to unregistered prior agreements and non compliance with regulatory requirements.

As at March 31, 2014, the Corporation had working capital of \$2,215,764 (December 31, 2013 – \$2,277,626) including cash and cash equivalents of \$1,599,426 (December 31, 2013 – \$1,702,514) and accumulated deficit of \$26,124,097 (December 31, 2013 – \$26,062,714), and had incurred a net loss of \$61,383 for the three-month period then ended (2013 – \$320,500).

Management of the Corporation believes that it has sufficient funds to pay its ongoing general and administrative expenses, to pursue its 2014 budgeted exploration expenditures and to meet its liabilities, obligations and existing commitments for the ensuing 12 months as they fall due. In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but not limited to, 12 months from the end of the reporting period. The Corporation’s ability to continue future operations beyond March 31, 2015 and fund its exploration expenditures is dependent on management’s ability to secure additional financing in the future, which may be completed in a number of ways, including, but not limited to, the issuance of debt or equity instruments. Management will pursue such additional sources of financing when required, and while management has been successful in securing financing in the past, there can be no assurance it will be able to do so in the future or that these sources of funding or initiatives will be available for the Corporation or that they will be available on terms which are acceptable to the Corporation.

The Corporation’s financial year ends on December 31. The unaudited condensed interim consolidated financial statements were authorized by the Board of Directors for publication on May 23, 2014.

X-Terra Resources Corporation

Notes to Condensed Interim Consolidated Financial Statements For the three-month periods ended March 31, 2014 and 2013

(expressed in Canadian dollars, except as otherwise stated)
(unaudited)

2 Basis of preparation

These unaudited condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) applicable to the preparation of interim financial statements, including IAS 34, Interim Financial Reporting. The unaudited condensed interim consolidated financial statements should be read in conjunction with the Corporation’s audited annual consolidated financial statements for the year ended December 31, 2013, which were prepared in accordance with IFRS as issued by the IASB.

The accounting policies followed in these unaudited condensed interim financial statements are consistent with those of the previous financial year, except as described below.

CHANGES IN ACCOUNTING POLICIES

IFRIC 21, Levies

In May 2013, the IASB issued International Financial Reporting Interpretations Committee (IFRIC) 21, Levies. IFRIC 21 is effective for annual periods beginning on or after January 1, 2014 and is to be applied retrospectively. IFRIC 21 provides guidance on accounting for levies in accordance with IAS 37, Provisions, Contingent Liabilities and Contingent Assets. The interpretation defines a levy as an outflow from an entity imposed by a government in accordance with legislation and confirms that an entity recognizes a liability for a levy only when the triggering event specified in the legislation occurs. The adoption of IFRIC 21 did not affect the Corporation.

3 Investment

Investment comprises:

	As at March 31, 2014 \$	As at December 31, 2013 \$
Common shares of an oil and gas exploration public company	100,000	100,000

No unrealized gain on investment was recorded during the three-month period ended March 31, 2014.

For the three-month period ended March 31, 2013, the unrealized loss on investment amounting to \$280,000 was recorded directly to the consolidated statement of loss.

X-Terra Resources Corporation

Notes to Condensed Interim Consolidated Financial Statements

For the three-month periods ended March 31, 2014 and 2013

(expressed in Canadian dollars, except as otherwise stated)
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4 Mining and oil and gas properties

All mining and oil and gas properties are located in Canada.

Property	Number of claims/ licences	Undivided interest %	Balance as at December 31, 2013 \$	Net acquisitions \$	Balance as at March 31, 2014 \$
Lindsay	25	100	982,617	-	982,617
Rimouski	2	50	11,984	-	11,984
Rimouski North	3	50	15,785	-	15,785
Trois-Pistoles	8	50	31,514	-	31,514
Sheldon	76	100	4,070	-	4,070
			<u>1,045,970</u>	<u>-</u>	<u>1,045,970</u>

5 Deferred exploration expenses

Property	Undivided interest %	Balance as at December 31, 2013 \$	Increase \$	Refundable tax credits and mining duties \$	Balance as at March 31, 2014 \$
Lindsay	100	551,469	-	-	551,469
Rimouski	50	43,211	-	-	43,211
Rimouski North	50	45,536	-	-	45,536
Trois-Pistoles	50	2,092	-	-	2,092
Sheldon	100	27,057	1,500	(525)	28,032
		<u>669,365</u>	<u>1,500</u>	<u>(525)</u>	<u>670,340</u>

6 Financial risks – Fair value

Fair value estimates are made at the statement of financial position dates, based on relevant market information and other information about financial instruments.

The Corporation's financial instruments as at March 31, 2014 consist of cash and cash equivalents, marketable securities, available-for-sale investment and accounts payable and accrued liabilities. The fair value of these financial instruments (other than cash and cash equivalents held in money market funds, marketable securities and available-for-sale investment, which are all recorded at fair value) approximates their carrying value due to their short maturity and current market rates.

X-Terra Resources Corporation

Notes to Condensed Interim Consolidated Financial Statements

For the three-month periods ended March 31, 2014 and 2013

(expressed in Canadian dollars, except as otherwise stated)
(unaudited)

Fair value hierarchy

Financial instruments in Level 1

The fair value of financial instruments traded in active markets is based on quoted market prices on a recognized securities exchange at the statement of financial position dates. The quoted market price used for financial assets held by the Corporation is the last transaction price. Instruments included in Level 1 consist primarily of common shares trading on the TSX.

Financial instruments in Level 2

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques.

These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on the Corporation's specific estimates. If all significant inputs required to measure the fair value of an instrument are observable, the instrument is included in Level 2.

If one or more of the significant inputs are not based on observable market data, the instrument is included in Level 3. There are no Level 3 financial instruments.

	Financial assets measured at fair value As at March 31, 2014			
	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Financial assets at fair value through profit or loss				
Money market funds	1,485,813	-	-	1,485,813
Marketable securities	-	505,920	-	505,920
	<u>1,485,813</u>	<u>505,920</u>	<u>-</u>	<u>1,991,733</u>
Available for sale				
Investment in common shares of public company	100,000	-	-	100,000

X-Terra Resources Corporation

Notes to Condensed Interim Consolidated Financial Statements

For the three-month periods ended March 31, 2014 and 2013

(expressed in Canadian dollars, except as otherwise stated)
(unaudited)

7 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.