



**Annual and Special Meeting of
Shareholders
to be held
June 16, 2014**

**Management Information Circular
Dated May 7, 2014**

220 BAY STREET, SUITE 700, TORONTO, ONTARIO, CANADA M5J 2W4
Telephone: 416-362-8243 Facsimile: 416-368-5344
Email: info@xtierra.ca Website: www.xtierra.ca

XTIERRA INC.
NOTICE OF ANNUAL AND SPECIAL
MEETING OF SHAREHOLDERS

NOTICE IS HEREBY GIVEN that an annual and special meeting (the "**Meeting**") of the shareholders of Xtierra Inc. (the "**Corporation**") will be held in Suite 700, 220 Bay Street, Toronto, Ontario M5J 2W4 on Monday, June 16, 2014 at 2:30 P.M. (Toronto time) for the following purposes:

1. to receive and consider the financial statements of the Corporation for the financial year ended December 31, 2013, together with the report of the auditors thereon;
2. to fix the number of directors of the Company at five (5);
3. to elect directors;
4. to appoint auditors and to authorize the directors to fix their remuneration;
5. to consider and, if thought advisable, to approve an ordinary resolution, as more particularly set forth in the accompanying Information Circular prepared for the purposes of the Meeting ratifying the Corporation's existing Stock Option Plan;
6. to consider and, if thought fit, to approve an ordinary resolution to confirm By-Law No. 2 of the Corporation which amends the Corporation's general By-Laws to ensure the Corporation may make use of the "notice-and-access" method for sending meeting materials to shareholders, as more particularly described in the accompanying information circular; and
7. to transact such further or other business as may properly come before the Meeting or any adjournment or adjournments thereof.

Shareholders who are unable to attend the Meeting in person are requested to complete, date, sign and return the enclosed form of proxy so that as large a representation as possible may be had at the Meeting.

DATED at Toronto, Canada as of the May 7, 2014.

BY ORDER OF THE BOARD OF DIRECTORS

"Neil J.F. Steenberg"

Neil J.F. Steenberg
Director & Secretary

NOTES: Shareholders are entitled to vote at the Meeting in person or by proxy. If it is not your intention to be present at the Meeting, please exercise your right to vote by promptly signing, dating and returning the enclosed form of proxy in the envelope provided for that purpose to the Corporation's transfer agent and registrar, TMX Equity Transfer Services, 200 University Avenue, Suite 300, Toronto, Ontario, M5H 4H1, no later than 2:30 p.m. (Toronto time) on June 13, 2014.

The accompanying information circular provides additional information relating to the matters to be dealt with at the Meeting and is deemed to form part of this notice. Also accompanying this notice is a form of proxy and a financial statement and MD&A request form. Any adjournment of the Meeting will be held at a time and place to be specified at the Meeting.

Only holders of common shares of record at the close of business on May 7, 2014 will be entitled to receive notice of and vote at the Meeting. If you are unable to attend the Meeting in person, please complete, sign and date the enclosed form of proxy and return the same in the enclosed return envelope provided for that purpose within the time and to the location set out in the form of proxy accompanying this notice.

As provided under the *Business Corporation Act*, (Ontario) the directors have fixed a record date of May 7, 2014. Accordingly, shareholders registered on the books of the Corporation at the close of business on May 7, 2014 are entitled to Notice of the Meeting.

A copy of the consolidated financial statements of the Corporation for the financial year ended December 31, 2013 will be mailed to shareholders of the Corporation who requested same and are available under the Corporation's profile on SEDAR at www.sedar.com and on the Corporation's website at www.xtierra.ca

If you are a beneficial shareholder and receive these materials through your broker or another intermediary, please complete and return the materials in accordance with the instructions provided to you by your broker or intermediary.

XTIERRA INC
220 Bay Street, Suite 700,
Toronto, Ontario
Telephone: 416-362-8243 Facsimile: 416-368-5344
Email: info@xtierra.ca Website: www.xtierra.ca

MANAGEMENT INFORMATION CIRCULAR

SOLICITATION OF PROXIES

This Information Circular is furnished in connection with the solicitation of proxies by and on behalf of the management of XTIERRA INC. (the "**Corporation**" or "**Xtierra**") for use at the Annual and Special Meeting of Shareholders of the Corporation (the "**Meeting**") to be held on Monday, June 16, 2014 at 2:30 P.M. (Toronto time), in the offices of the Corporation at 220 Bay Street, Suite 700, Toronto, Ontario for the purposes set out in the accompanying notice of meeting. It is expected that the solicitation will be made primarily by mail. Proxies may be solicited by officers, directors and regular employees of the Corporation personally or by telephone. The cost of such solicitation will be borne by the Corporation.

Appointment of Proxyholders

The individuals named in the accompanying form of proxy (the "**Proxy**") as proxyholders, are officers and/ or directors of the Corporation. **If you are a shareholder entitled to vote at the Meeting, you have the right to appoint a person or company other than the persons designated in the Proxy, who need not be a shareholder, to attend and act for you on your behalf at the Meeting. You may do so either by inserting the name of that other person in the blank space provided by the Proxy or by completing and delivering another suitable form of proxy.**

Voting by Proxyholder

The persons named in the Proxy will vote or withhold from voting the shares represented thereby in accordance with your instructions on any ballot that may be called for. If you specify a choice with respect to any matter to be acted upon, your shares will be voted accordingly. The Proxy confers discretionary authority on persons therein with respect to:

- (a) Each matter or group of matters identified therein for which a choice is not specified, other than the appointment of an auditor and the election of directors;
- (b) Any amendment to or variation of any matter identified therein; and
- (c) Any other matter that properly comes before the Meeting.

In respect of a matter for which a choice is not specified in the Proxy, the persons named in the Proxy will vote the shares represented by the Proxy in favour of each matter identified on the Proxy and for the nominees of management for directors and auditors as identified in the Proxy, as applicable.

Registered Shareholders

If you are a registered shareholder, you may wish to vote by proxy whether or not you attend the Meeting in person. If you submit a proxy, you must complete, date and sign the Proxy and return it to the Corporation's transfer agent, TMX Equity Transfer Services ("**Equity**"). Registered shareholders who elect to submit a Proxy may do so online at www.voteproxyonline.com, by fax at 416-595-9593, or by mail to 200 University Avenue, Suite 300, Toronto, Ontario, M5H 4H1, in all cases in accordance with the instructions provided by Equity in the enclosed proxy materials and ensuring that the Proxy is received by 2:30 p.m. on June 13, 2014 or any adjournment thereof at which the Proxy is to be used.

Beneficial Shareholders

The information in this section is of significant importance to shareholders who do not hold shares in their own name. Beneficial Shareholders should note that the only proxies that can be recognized and acted upon at the Meetings are those deposited by registered shareholders (those whose names appear on the records of the Corporation as the registered shareholders of shares) or as set out in the following disclosure.

If shares are listed in an account statement provided to a shareholder by a broker, then in almost all cases those shares will not be registered in the shareholder's name on the records of the Corporation. Such shares will more likely be registered under the names of the shareholder's broker or an agent of that broker (an "**intermediary**").

In Canada, the vast majority of such shares are registered under the name of CDS & Co. (the registration name for the Canadian Depository for Securities Limited, which acts as nominee for many Canadian brokerage firms), and in the United States, under the name of Cede & Co. as nominee for The Depository Trust Company (which acts as depository for many U.S. brokerage firms and custodian banks).

Intermediaries are required to seek voting instructions from Beneficial Shareholders in advance of shareholders' meetings. Every intermediary has its own mailing procedures and provides its own return instructions to clients.

There are two kinds of Beneficial Shareholders: those who object to their name being made known to the issuers of securities which they own (referred to as "**OBOs**" for "**Objecting Beneficial Owners**") and those who do not object to the issuers of the securities they own knowing who they are (referred to as "**NOBOs**" for "**Non-Objecting Beneficial Owners**").

Non-Objecting Beneficial Owners

The Corporation is taking advantage of those provisions of National Instrument 54-101 – Communication with Beneficial Owners of Securities of a Reporting Issuer of the Canadian Securities Administrators, which permit the Corporation to deliver proxy-related materials directly to its NOBOs. As a result, NOBOs can expect to receive a scannable Voting Instruction Form ("**VIF**") from Equity. These VIFs are to be completed and returned to Equity as set out in the instructions provided on the VIF. Equity will tabulate the results of the VIFs received from NOBOs and will provide appropriate instructions at the Meeting with respect to the shares represented by the VIFs it receives. You have the right to appoint a person (who need not be a Beneficial Shareholder of the Corporation) other than any of the persons designated in the VIF to represent your shares at the Meeting and that person may be you.

This Information Circular, with related material, is being sent or made available to both registered and non-registered owners of the Corporation. If you are a non-registered owner, and the Corporation or its agent has sent these materials directly to you, your name, address and details about your shares in accordance with applicable securities regulatory requirements from the intermediary who holds your shares on your behalf.

By choosing to send these materials to you directly, the Corporation (and not the intermediary holding your shares on your behalf) has assumed responsibility for (i) delivering the materials to you, and (ii) executing your proper voting instructions. Please return your VIF as specified in your request for voting instructions that you receive.

Objecting Beneficial Owners

Beneficial Shareholders who are OBOs should carefully follow the instructions of their broker or intermediary in order to ensure that their shares are voted at the Meeting.

The form of proxy that will be supplied by your broker will be similar to the Proxy provided to registered shareholders by the Corporation. However, its purpose is limited to instructing the intermediary how to vote your shares on your behalf. Most brokers delegate responsibility for obtaining instructions from clients to Broadridge Financial Solutions, Inc. ("**Broadridge**") in the United States and in Canada. Broadridge will mail a VIF in lieu of a Proxy provided by the Corporation. The persons named in the VIF to represent your shares at the Meeting will be the same as those named to represent the registered shareholders in the Corporation's Proxy. You have the right to appoint a person (who need not be a Beneficial Shareholder of the Corporation) other than any of the persons designated in the VIF to represent your shares at the Meeting and that person may be you. To exercise this right, insert the name of your desired representative (which may be you) in the blank space provided by the VIF. The completed VIF must then be returned to Broadridge by mail or facsimile or given to Broadridge by phone or over the internet, in accordance with Broadridge's instructions. Broadridge then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of shares to be represented at the Meeting and the appointment of any shareholder's representative. **If you receive a VIF from Broadridge, the VIF must be returned to Broadridge, in accordance with its instructions, well in advance of the Meeting in order to have your shares voted at the Meeting, or to have an alternative representative duly appointed to attend and to vote your shares at the Meeting.**

Voting by Telephone or Internet

Shareholders may convey their voting instructions using a touch-tone telephone or the Internet. The relevant toll-free telephone number or website address is set out on the voting instruction form and form of proxy. Follow the instructions given over the telephone or through the Internet to cast your vote. When instructed to enter a control number or holder account number and proxy access number, refer to your voting instruction form or your form of proxy. Votes conveyed by telephone or the Internet must be received no later than the cut-off time given on the voting instruction form or the form of proxy.

Notice to Shareholders in the United States

The solicitation of proxies involves securities of an issuer located in Canada and is being effected in accordance with the corporate laws of Canada and securities laws of the provinces in Canada. The proxy solicitation rules under the United States Securities Exchange Act of 1934, as amended, are not applicable to the Corporation or

this solicitation, and this solicitation has been prepared in accordance with the disclosure requirements of the securities laws of the provinces of Canada. Shareholders should be aware that disclosure requirements under the securities laws of the provinces of Canada differ from the disclosure requirements under United States securities laws.

The enforcement by Shareholders of civil liabilities under United States federal securities laws may be affected adversely by the fact that the Corporation is incorporated under the *Business Corporation Act* (Ontario), as amended, certain of its directors and its executive officers are residents of Canada and countries other than the United States, and all of the assets of the Corporation and a substantial portion of the assets of such persons are located outside the United States. Shareholders may not be able to sue a foreign company or its officers or directors in a foreign court for violations of United States federal securities laws. It may be difficult to compel a foreign company and its officers and directors to subject themselves to a judgment by a United States court.

REVOCATION OF PROXY

A shareholder executing the enclosed form of proxy has the power to revoke it. In addition to revocation in any other manner permitted by law, a proxy may be revoked by instrument in writing deposited at the registered office of the Corporation at any time up to and including the last business day preceding the day of the Meeting or any adjournment thereof at which the proxy is to be used or with the chairman of such Meeting on the day of the Meeting or adjournment thereof, and upon either of such deposits the proxy is revoked.

VOTING SHARES AND PRINCIPAL HOLDERS THEREOF

Each holder of common shares in the capital of the Corporation ("**Common Shares**") of record at the close of business on May 7, 2014 will be entitled to vote at the Meeting or at any adjournment thereof, either in person or by proxy, except to the extent that such holder has transferred any Common Shares after the record date and the transferee of such Common Shares establishes proper ownership thereof and demands, not later than ten days before the Meeting, to be included in the list of shareholders entitled to vote at the Meeting, in which case such transferee is entitled to vote.

As of May 7, 2014, the Corporation had 115,370,336 issued and outstanding Common Shares. Each Common Share carries the right to one vote per share. The outstanding Common Shares are listed on the TSX Venture Exchange (the "**TSXV**") under the symbol "**XAG**".

To the knowledge of the directors and executive officers of the Corporation, the following table sets out the names of all persons who beneficially own, directly or indirectly, or exercise control or direction over more than 10% of the outstanding Common Shares:

Name	Number of Common Shares Beneficially Owned (Directly or Indirectly), Controlled or Directed	Percentage of Issued and Outstanding Common Shares as of May 7, 2014
Minco plc	30,000,003	26.0%
Pacific Road Holdings NV ⁽¹⁾	37,879,064	32.83%
Pacific Road Capital A Pty Ltd ⁽¹⁾	4,693,295	4.07%
Pacific Road Capital B Pty Ltd ⁽¹⁾	4,693,295	4.07%

Notes:

(1) These funds are managed or advised by Pacific Road Capital Management Pty. Limited of Sydney, Australia.

As at the date hereof, the directors and senior officers of the Corporation, as a group, beneficially own, directly, or indirectly less than one percent of the outstanding Common Shares.

Messrs. Kearney and McKillen, directors of the Corporation, are Directors of Minco plc.

INTERESTS OF CERTAIN PERSONS OR COMPANIES IN MATTERS TO BE ACTED UPON

No person who has been a director or executive officer since the beginning of the Corporation's last completed fiscal year, proposed nominee for election as a director, and no associate or affiliate of the foregoing persons has or has had any material interest, direct or indirect, in any matter to be acted upon at the Meeting other than the election of directors or appointment of auditors.

PARTICULARS OF MATTERS TO BE ACTED UPON AT THE MEETING

1. RECEIVING THE FINANCIAL STATEMENTS

The consolidated financial statements of the Corporation for the fiscal year ended December 31, 2013 together with the Auditors Report thereon are available on the Corporation's website at www.xtierra.ca or under the Corporation's Profile on the System for Electronic Analysis and Retrieval (SEDAR) at www.sedar.com and have been mailed to the Corporation's registered and beneficial shareholders who requested them. Management will review the Corporation's financial results at the Meeting, and shareholders will be given an opportunity to discuss these results with management.

2. ELECTION OF DIRECTORS

Under the constating documents of the Corporation, the Board is to be elected annually. The Board currently consists of five directors, and management proposes to nominate five directors for election to the Board at the Meeting.

At the Meeting, shareholders will be asked to approve an ordinary resolution for the election of the five persons named hereunder as directors of the Corporation (the "**Nominees**"). **Unless authority to do so is withheld, the persons named in the accompanying proxy intend to vote for the election of the Nominees.**

Management does not contemplate that any of the Nominees will be unable to serve as a director, but if that should occur for any reason prior to the Meeting, it is intended that discretionary authority shall be exercised by the persons named in the accompanying proxy to vote the proxy for the election of any other person or persons in place of any Nominee or Nominees unable to serve. Each director elected will hold office until the close of the first annual meeting of shareholders of the Corporation following his or her election or until his or her successor is duly elected or appointed unless his or her office is earlier vacated in accordance with the by-laws of the Corporation. Each of the Nominees was elected at the last annual and special meeting of the Corporation's shareholders held on June 18, 2013.

Majority Voting Policy

The Board has adopted a policy which requires that any nominee who receives a greater number of votes "withheld" from his or her election than votes "for" such election, promptly tender his or her resignation to the Board, to be effective upon acceptance by the Board. The Board will review the circumstances of the election and make a recommendation to the Board as to whether or not to accept the tendered resignation. The Board must determine whether or not to accept the tendered resignation as soon as reasonably possible and in any event within 90 days of the election. Subject to any corporate law restrictions, the Board may fill any resulting vacancy through the appointment of a new director. The nominee in question may not participate in any committee or Board votes concerning his or her resignation. This policy does not apply in circumstances involving contested director elections.

The following table sets out the name of each of the persons proposed to be nominated for election as a director, all positions and offices in the Corporation held by each of them, the principal occupation or employment of each of them for the past five years, the year in which each was first elected a director of the Corporation (where applicable) and the approximate number of Common Shares that each has advised are beneficially owned (directly or indirectly) or subject to his or her control or direction:

Name and Municipality of Residence	Offices with the Corporation	Principal Occupation	Director/Officer Since	Shares held Directly or Indirectly or over which control or direction is exercised
John F. Kearney ^{(1) (3)} Toronto, Ontario	Chairman and Director	Mining Executive Chairman of Canadian Zinc Corporation, and Labrador Iron Mines Holdings Limited	August 14, 2008	Nil
Terence N. McKillen ⁽¹⁾ Mississauga, Ontario	Director	Geologist, Director of Conquest Resources Limited and Minco plc. Prior to April 2013 President and Chief Executive of the Corporation	August 14, 2008	Nil
Neil J.F. Steenberg Toronto, Ontario	Secretary and Director	Barrister & Solicitor, principal of Steenberglaw Professional Corporation, a law firm	August 14, 2008	Nil
Lee A. Graber ^{(2) (3)} San Francisco, California	Director	Mining Executive and Partner, Pacific Road Capital Management	August 14, 2008	Nil
Tim Gallagher ⁽³⁾ Toronto, Ontario	Director	Financial Executive, President Inflection Capital Inc.	August 14, 2008	526,487

Notes:

- (1) Messrs. Kearney and McKillen are directors and/or officers and shareholders of Minco plc which holds 30,000,003 Xtierra Shares (26.0%);
- (2) Mr. Graber is a Partner in Pacific Road Capital Management Pty. Limited which acts as manager or adviser to the Pacific Road Funds which collectively hold 47,265,654 Xtierra Shares (40.97%).
- (3) Member of the audit committee.

Cease Trade Orders, Bankruptcies, Penalties or Sanctions

No director, officer, promoter or other member of management of Xtierra, or within the ten years prior to the date hereof has been, a director, officer, promoter or other member of management of any other issuer that, while that person was acting in the capacity of a director, officer, promoter or other member of management of that issuer, was the subject of a cease trade order or similar order or an order that denied the issuer access to any statutory exemptions for a period of more than thirty consecutive days or was declared bankrupt or made a voluntary assignment in bankruptcy, made a proposal under any legislation relating to bankruptcy or insolvency or has been subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets except as follows:

Mr. Steenberg served as a Director of Tagish Lake Gold Corp. ("**Tagish**"). On April 9, 2010, Tagish filed an application to the British Columbia Supreme Court and an Order was made granting an Initial Order under the *Companies' Creditors Arrangement Act*. This order was lifted and a plan of arrangement was implemented on October 27, 2010 pursuant to which all of the creditors of Tagish were paid in full.

Mr. Varma, Chief Financial Officer, was President and Managing Director of American Resource Corporation Limited in respect of which a cease trade order was issued in June 2004 for failure to file its financial statements. The cease trade order was revoked June 18, 2008.

Director Compensation and Equity Ownership

No cash compensation was paid to directors who are not officers of Xtierra for the most recently completed financial year. Directors who also provide professional or consulting services to the Corporation are compensated based upon the invoiced value of the services provided. Directors are reimbursed for all reasonable expenses incurred in attending meetings of the board or any committee of the board. The principal method used to compensate non-executive directors in their capacity as directors has been and, subject to the board determining otherwise as noted above, will continue to be the awarding of incentive stock options pursuant to the Corporation's Stock Option Plan.

The following table sets forth information in respect of all compensation paid to, or earned by the directors of the Corporation during the financial year ended December 31, 2013. Mr. McKillen was not compensated for services as a director of the Corporation.

Name	Fees earned (\$)	Share-based awards (\$)	Option-based awards (\$)	Non-equity incentive plan compensation (\$)	Pension value (\$)	All other compensation (\$)	Total (\$)
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)
Lee Graber	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Tim Gallagher ⁽¹⁾	Nil	Nil	Nil	Nil	Nil	72,000	72,000
John Kearney	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Terence McKillen ⁽²⁾	Nil	Nil	Nil	Nil	Nil	36,225	36,225
Neil Steenberg ⁽³⁾	Nil	Nil	Nil	Nil	Nil	18,038	18,038

Notes:

- (1) Mr. Gallagher is compensated for financial consulting services provided to the Corporation.
- (2) Mr. McKillen is compensated for technical services provided to the Corporation.
- (3) Paid to a professional corporation controlled by Mr. Steenberg for legal services provided to the Corporation.

Incentive plan awards – value vested or earned during the year

Name	Option-based awards – Value Vested during the year (\$)	Share-based awards – Value vested during the year (\$)	Non-equity incentive plan compensation – Value earned during the year (\$)
Lee Graber	Nil	N/A	N/A
Tim Gallagher	Nil	N/A	N/A
John Kearney	Nil	N/A	N/A
Terence McKillen	Nil	N/A	N/A
Neil Steenberg	Nil	N/A	N/A

Notes:

- (1) The value of vested options represents the aggregate dollar value that would have been realized if any of the options granted had been exercised on the vesting dates. The dollar value is the difference between the market price of the underlying securities at exercise and the exercise price of the options on the vesting date.

Share-Based Awards, Option-Based Awards and Non-Equity Incentive Plan Compensation

The following table shows all option-based and share-based awards outstanding to each director, other than those that are also Named Executive Officers, as at December 31, 2013.

Name	Number of securities underlying unexercised options (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options (\$)	Number of shares or units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested (\$)	Market or payout value of vested share-based awards not paid out or distributed (\$)
Lee Graber	100,000 400,000	\$0.21 \$0.51	February 15, 2015 April 26, 2016	Nil Nil	N/A	N/A	N/A
Tim Gallagher	521,250 400,000	\$0.21 \$0.51	February 15, 2015 April 26, 2016	Nil Nil	N/A	N/A	N/A
John Kearney	100,000 500,000	\$0.21 \$0.51	February 15, 2015 April 26, 2016	Nil Nil	N/A	N/A	N/A
Terence McKillen	500,000 500,000	\$0.21 \$0.51	February 15, 2015 April 26, 2016	Nil Nil	N/A	N/A	N/A
Neil Steenberg	80,000 250,000	\$0.21 \$0.51	February 15, 2015 April 26, 2016	Nil Nil	N/A	N/A	N/A

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

No person who is, or was at any time during the most recently completed financial year of the Corporation an officer or director of the Corporation, no proposed nominee for election as a director, or any associate of any such person was indebted to the Corporation.

INDEMNIFICATION OF DIRECTORS AND OFFICERS

The by-laws of the Corporation provide that the Corporation is required to indemnify a director or officer, or former director or officer, or a person who acts or acted at the request of the Corporation as a director or officer of a body corporate of which the Corporation is or was a shareholder or creditor, and his or her heirs and legal representatives, against all costs, charges and expenses, including an amount paid to settle an action or satisfy a judgment, reasonably incurred by him or her in respect of any civil, criminal or administrative action or proceeding to which he or she is made a party by reason of having been a director or officer of such body corporate if (a) he or she acted honestly and in good faith with a view to the best interests of the Corporation, and (b) in the case of a criminal or administrative action or proceeding that is enforced by a monetary penalty, he or she had reasonable grounds for believing that his or her conduct was lawful.

The Corporation maintains insurance for the benefit of the Corporations directors and officers against liability incurred by them in their capacity as directors and officers. The policy provides coverage in respect of a maximum total liability of \$10 million, subject to a deductible of \$25,000 per event. The premium for 2013 was \$21,167. The policy contains standard industry exclusions.

3. RE-APPOINTMENT OF AUDITORS

The directors propose to nominate McGovern, Hurley, Cunningham LLP, the present auditors, as the auditors of the Corporation to hold office until the close of the next annual meeting of shareholders. McGovern, Hurley, Cunningham LLP were first appointed auditors of the Corporation effective August 26, 2008.

In the past, the directors have negotiated with the auditors of the Corporation on an arm's length basis in determining the fees to be paid to the auditors. Such fees have been based on the complexity of the matters in question and the time incurred by the auditors. The directors believe that the fees negotiated in the past with the auditors of the Corporation were reasonable and in the circumstances would be comparable to fees charged by other auditors providing similar services.

In order to appoint McGovern, Hurley, Cunningham LLP as auditors of the Corporation to hold office until the close of the next annual meeting, and authorize the directors to fix the remuneration thereof, a majority of the votes cast at the Meeting must be voted in favour thereof.

The management representatives named in the attached form of proxy intend to vote in favour of the appointment of McGovern, Hurley, Cunningham LLP as auditors of the Corporation and in favour of authorizing the directors to fix the remuneration of the auditors, unless a shareholder specifies in the proxy that his or her Common Shares are to be withheld from voting in respect of the appointment of auditors and the fixing of their remuneration.

4. RATIFICATION OF STOCK OPTION PLAN

Shareholders will be asked at the Meeting to consider and, if thought advisable, to ratify the Corporation's existing stock option plan (the "**Plan**"), which is considered a "rolling" stock option plan, which reserves a maximum of 10% of the Corporation's total outstanding Common Shares at the time of grant for issuance pursuant to the Plan. The policies of the TSXV provide that, where a Corporation has a rolling stock option plan in place, it must seek shareholder approval, for such plan annually.

The purpose of the Plan is to provide incentive to employees, directors, officers, management companies and consultants who provide services to the Corporation and reduce the cash compensation the Corporation would otherwise have to pay.

The Plan complies with the current policies of the TSXV, including the requirement for annual approval by shareholders. Under the Plan, a maximum of 10% of the issued and outstanding shares of the Corporation are proposed to be reserved at any time for issuance on the exercise of stock options. As the number of shares reserved for issuance under the Plan increases with the issue of additional shares of the Corporation, the Plan is considered to be a "rolling" stock option plan.

A full copy of the Plan will be available at the Meeting for review by shareholders. Shareholders may also obtain copies of the Plan from the Corporation prior to the meeting upon written request.

As at the date of this Circular there are 115,370,336 common shares of the Corporation issued and outstanding and accordingly, the maximum number of options which may be issued as of the date of this Circular is 11,537,034.

During the financial year ended December 31, 2013, 2,250,000 options expired unexercised, no stock options were granted and no stock options were exercised, leaving a total of 6,576,250 stock options outstanding at December 31, 2013.

Shareholders will be asked at the Meeting to approve with or without variation the following resolution:

"BE IT RESOLVED THAT the Stock Option Plan of the Corporation be and it is hereby approved, and that in connection therewith a maximum of 10% of the issued and outstanding shares at the time of each grant be reserved for granting as options and that the board of directors be and they are hereby authorized, without further shareholder approval, to make such changes to the existing Stock Option Plan as may be required or approved by regulatory authorities."

Unless a shareholder who has given a proxy has instructed that the shares represented by such proxy are to be voted against, on any ballot that may be called for ratification of the Plan, the person named in the enclosed proxy will cast the shares represented by such proxy FOR such ratification.

5. ALTERATION OF THE CORPORATION'S BY-LAWS TO PERMIT "NOTICE-AND-ACCESS"

Since the adoption of the existing By-Laws, the Canadian Securities Administrators have adopted amendments to applicable securities law instruments to provide reporting issuers with a mechanism referred to as "notice-and-access" for sending proxy materials to shareholders, as described in more detail below. Accordingly, the Corporation is seeking shareholder confirmation of new By-Law No 2 of the Corporation, as set out in Schedule "A" to this Information Circular, to amend the Corporation's general By-Laws to permit the Corporation to make use of notice-and-access for sending proxy materials to shareholders, if and when the Corporation desires to do so. In all other respects, the existing By-Laws of the Corporation will remain unaltered and in full force and effect.

Background and Rationale

Amendments to applicable Canadian securities law instruments adopting notice-and-access came into force on February 11, 2013.

Notice-and-access is a method for companies and other persons soliciting proxies to provide certain proxy related materials to shareholders electronically. The rationale for notice-and-access is the reduction of costs associated with shareholder meetings (for example, paper and mailing costs) and the promotion of environmental responsibility by decreasing the large volume of paper documents generated by printing proxy related materials.

Under notice-and-access, companies and other persons soliciting proxies can send proxy-related materials to registered and/or beneficial shareholders by, among other requirements:

- posting the relevant management information circular and other proxy-related materials on a website that is not SEDAR;
- sending (by prepaid mail, courier or the equivalent, or any other agreed-upon method) a notice package containing the following information:
 - the date, time and location of the meeting for which the proxy-related materials are being sent;
 - the relevant voting document (a form of proxy or voting instruction form);
 - a description of each matter identified in the form of proxy or voting instruction form to be voted on (unless that information is already included in the relevant voting document);
 - the website address for SEDAR and the non-SEDAR website where the proxy-materials are posted, and a reminder to review the information circular before voting; an explanation of how to obtain a paper copy of the information circular; and
 - a plain-language explanation of notice-and-access; and
- providing a toll-free telephone number for the shareholder to request a paper copy of the information circular (and if applicable, other proxy-related materials) at no charge.

Accordingly, under notice-and-access, the Corporation generally will send shareholders a paper copy of the notice of meeting and the form of proxy in connection with a meeting, but will not send a paper copy of the information circular. Instead, the Corporation will send the information circular by (i) posting the information circular on a website that is not SEDAR, and (ii) notifying shareholders of its availability and how to access the electronic document. All proxy-related materials will continue to be filed on SEDAR as required under securities legislation.

Shareholders will still be entitled to receive paper copies of the information circular at no charge, if requested. As stated above, shareholders will be notified that they can call the toll-free number provided by the Corporation to request that a paper copy of the information circular be sent to them free of charge. Upon receiving the request, the Corporation must send the information circular by first class mail, courier or the equivalent, within specified timeframes.

The Corporation may still choose to continue to deliver proxy-related materials by mail in connection with shareholder meetings. However, management believes it is in the best interests of the Corporation to adopt the Amendment to ensure notice-and-access may be utilized by the Corporation, if desired.

The Amendment Resolution

At the Meeting, shareholders will be asked to approve the following ordinary resolution:

‘BE IT RESOLVED that:

1. subject to regulatory acceptance, By-Law No 2 of the Corporation which amends sections 10.1 and 10.2 of the Corporation's By-Law No. 1, as set forth in Schedule "A" to the Corporation's Information Circular dated May 7, 2014, be and is hereby confirmed; and
2. any one director or officer of the Corporation is hereby authorized and directed to carry out any act for and on behalf of the Corporation and to execute and deliver such deeds, documents and other instruments in writing as he in his discretion may consider necessary for the purpose of giving effect to this resolution and to do all such other acts and things as such director or officer may determine to be necessary or advisable to give effect to the intent of this resolution."

Management of the Corporation believes adopting the proposed amendments to the By-Laws as described above is in the best interests of the Corporation and recommends that shareholders vote in favour of the ordinary resolution approving the Amendment.

Unless such authority is withheld, the Management Proxyholders intend to vote for the approval of the Amendment.

STATEMENT OF EXECUTIVE COMPENSATION

The purpose of this Compensation Discussion and Analysis is to provide information about the Corporation's executive compensation objectives and processes and to discuss compensation decisions relating to its named executive officers ("**Named Executive Officers**") listed in the Summary Compensation Table that follows. During its fiscal year ended December 31, 2013, the following individuals were Named Executive Officers (as defined in applicable securities legislation) of Xtierra Inc., namely:

Gerald Gauthier	President and Chief Operating Officer
Danesh Varma	Chief Financial Officer

The board of directors of the Corporation does not have a Compensation Committee. Compensation matters are reviewed by the full board of directors. An interested board member is required to abstain from voting on matters concerning his own compensation.

Objectives of Executive Compensation

The general compensation philosophy of the Corporation for executive officers, including for the Chief Executive Officer, is to provide a level of compensation that is competitive within the North American marketplace and that will attract and retain individuals with the experience and qualifications necessary for the Corporation to be successful, and to provide long-term incentive compensation which aligns the interest of executives with those of shareholders and provides long-term incentives to members of senior management whose actions have a direct and identifiable impact on the performance of the Corporation and who have material responsibility for long-range strategy development and implementation. The Corporation's objective is to provide suitable compensation for executives that is internally equitable, externally competitive and reflects individual achievement.

Structure of Executive Compensation

The Corporation is in the mineral exploration and development business and, accordingly, does not yet have significant revenues from operations and often operates with sufficient financial resources only to ensure that funds are available to complete scheduled programs. As a result, the Board of Directors has to consider not only

the financial situation of the Corporation at the time of the determination of executive compensation, but also the estimated financial situation of the Corporation in the mid-and long-term.

The Corporation has not paid any salaries or fixed retainers to Executive Officers in their capacity as executive officers during the last financial year. However Executive Officers are compensated for professional or consulting services actually provided to the Corporation in accordance with industry rates based upon invoices submitted periodically. Management of the Corporation considers this compensation strategy to be appropriate as many of its Executive Officers provide services to other businesses upon similar terms. Moreover, Management believes this compensation would be standard in comparable businesses within the mineral exploration industry.

Upon achieving stable revenues from operations, the Corporation's compensation arrangements for the Named Executive Officers will be reviewed and may, in addition to salary, include compensation in the form of bonuses and, other long term benefits. No bonuses were paid to the Named Executive Officers during the fiscal year ended December 31, 2013.

Stock Options

An additional component of the executive compensation program is stock options and to this end the Corporation has established an incentive stock option plan (the "**Stock Option Plan**"). The Stock Option Plan is administered by the board of directors of the Corporation. The Stock Option Plan is designed to give each option holder an interest in preserving and maximizing shareholder value in the longer term, to enable the Corporation to attract and retain individuals with experience and ability, and to reward individuals for current performance and expected future performance. Stock option grants are considered when reviewing executive officer compensation packages as a whole.

Other Incentives

The Corporation does not have a formal annual incentive bonus plan in place. Any award of a bonus to executive officers would be entirely at the discretion of the Board of Directors.

Defined Benefit or Actuarial Plan

The Corporation does not have a defined benefit or actuarial plan.

SUMMARY COMPENSATION TABLE

The following table (presented in accordance with National Instrument 51-102F6) sets out total compensation for the year ended December 31, 2013 in respect of the Named Executive Officers of the Corporation.

					Non-equity incentive plan compensation				
					(\$)				
Name and Principal Position	Year	Salary	Share- based awards	Option- based awards (4)	Annual incentive plans	Long- term plans	Pension value	All other compensation (3)	Total Compensation
		(\$)	(\$)	(\$)			(\$)	(\$)	(\$)
Gerald Gauthier President & Chief Operating Officer	2013	201,600 ⁽¹⁾	Nil	Nil	Nil	Nil	Nil	Nil	201,600
	2012	201,600 ⁽¹⁾	Nil	Nil	Nil	Nil	Nil	Nil	201,600
	2011	201,600 ⁽¹⁾	Nil	156,000	Nil	Nil	Nil	Nil	357,600
Danesh Varma Chief Financial Officer	2013	40,000 ⁽²⁾	Nil	Nil	Nil	Nil	Nil	Nil	40,000
	2012	40,000 ⁽²⁾	Nil	Nil	Nil	Nil	Nil	Nil	40,000
	2011	40,000 ⁽²⁾	Nil	97,500	Nil	Nil	Nil	Nil	137,500

Notes:

- (1) Paid to Mr. Gauthier for professional consulting services.
- (2) Paid to a private company controlled by Mr. Varma.
- (3) Perquisites have not been included, as they do not exceed 10% of total salary for the financial year ended December 31, 2013, 2012 and 2011.
- (4) On April 27, 2011, the Corporation granted 4,225,000 stock options to directors, officers and employees pursuant to its Stock Option Plan. These options vested on the date of the grant. The grant fair value of these options is \$1,729 which has been recorded to share-based payments expense and share-based payment reserve. The following assumptions were used in calculating the fair value of options granted, using the Black-Scholes option pricing model: expected dividend yield of 0%, expected volatility of 103%, risk-free interest rate of 2.5% and expected life of five years. Directors and officers were granted 2,700,000 stock options.

Outstanding share-based awards and option-based awards

The following table shows all awards outstanding to each Names Executive Officers as at December 31, 2013.

Name	Option-based Awards				Share-based Awards		
	Number of securities underlying unexercised options	Option exercise price	Option expiration date	Value of unexercised in-the-money options	Number of shares or units of shares that have not vested	Market or payout value of share-based awards that have not vested	Market or payout value of vested share-based awards not paid out or distributed
	(#)	(\$)		(\$) ⁽¹⁾	(#)	(\$)	(\$)
Gerald Gauthier President & Chief Operating Officer	600,000 400,000	\$0.21 \$0.51	May 15, 2015 April 26, 2016	Nil Nil	N/A	N/A	N/A
Danesh Varma Chief Financial Officer	250,000	\$0.51	April 26, 2016	Nil	N/A	N/A	N/A

Notes:

(1) "In-the-money" options are options that can be exercised at a profit (i.e., the market value of the Common Shares is higher than the price at which they can be purchased from the Corporation). On December 31, 2013, the Corporation's common shares closed at \$0.10 on the TSXV.

Incentive plan awards – value vested or earned during the year

Name	Option-based awards – Value Vested during the year	Share-based awards – Value vested during the year	Non-equity incentive plan compensation – Value earned during the year
	(\$)	(\$) ⁽¹⁾	(\$) ⁽²⁾
Gerald Gauthier President & Chief Operating Officer	Nil	N/A	N/A
Danesh Varma, Chief Financial Officer	Nil	N/A	N/A

Notes:

(1) No share-based awards were granted during the fiscal year ended December 31, 2013.

(2) No non-equity incentive plan compensation was awarded during the fiscal year ended December 31, 2013.

Termination and Change of Control Benefits

Except as otherwise disclosed herein, the Corporation and its subsidiaries have no compensatory plan or arrangement in respect of compensation received or that may be received by an executive officer of the Corporation in the Corporation's most recently completed or current financial year to compensate such executive officer in the event of the termination of employment (resignation, retirement, change of control) or in the event of a change in responsibilities following a change in control, where in respect of the executive officer the value of such compensation exceeds \$100,000.

Stock Option Plan

Under the stock option plan of the Corporation (the "Stock Option Plan"), options to purchase common shares of the Corporation may be granted to employees, officers and directors of the Corporation or subsidiaries of the Corporation and other persons or companies engaged to provide ongoing management or consulting services ("Service Providers") for the Corporation or any entity controlled by the Corporation. In determining the number of common shares of the Corporation subject to each option granted under the Stock Option Plan, consideration is given to the present and potential contribution by such person or company to the success of the Corporation.

Pension Plan Benefits

The Corporation does not provide any form of group pension plan benefits to employee, officers or directors.

SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The only equity compensation plan which the Corporation has in place is the Incentive Stock Option Plan (the "Plan") which was last approved by the shareholders in June 2013. The Plan has been established to provide incentive to qualified parties to increase their proprietary interest in the Corporation and thereby encourage their

continuing association with the Corporation. The Plan is administered by the directors of the Corporation. The Plan provides that options will be issued to directors, officers, employees and consultants of the Corporation or a subsidiary of the Corporation. The Plan provides that the number of common shares issuable under the Plan, together with all of the Corporation's other previously established or proposed share compensation arrangements, may not exceed 10% of the total number of issued and outstanding Common Shares.

The following table sets out equity compensation plan information as at the end of the financial year ended December 31, 2013.

Equity Compensation Plan Information

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted-average exercise price of outstanding options, warrants and rights (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)
Equity compensation plans approved by security holders	6,576,250	0.40	3,766,339
Equity compensation agreements subject to approval by security holders	Nil	N/A	Nil
Total	6,576,250	0.40	3,766,339

Summary of Stock Option Plan

The Corporation has established a stock option plan to provide incentive compensation to the Corporation's directors, officers, employees and consultants (the "**Stock Option Plan**").

The Stock Option Plan is administered by the board of directors of the Corporation. Stock options may be granted at any time to any director, senior officer, key employee or other person providing services to the Corporation (each an "**Optionee**"), taking into consideration his or her contribution to the success of the Corporation and any other factor which the board of directors of the Corporation may deem proper and relevant. The aggregate number of Common Shares which may be reserved for issuance pursuant to the Stock Option Plan and any other share compensation arrangements of the Corporation will not exceed 10% of the total number of issued and outstanding Common Shares (calculated on a non-diluted basis) from time to time.

Stock options granted under the Stock Option Plan are exercisable over a period not exceeding ten years, subject to earlier cancellation upon the termination of the optionee's employment with the Corporation, upon the optionee ceasing to be an employee, senior officer, director or consultant of the Corporation, as applicable, or upon the optionee retiring, becoming permanently disabled or dying. Under the Stock Option Plan, the Board of Directors, in its discretion but upon the advice of its Human Resources and Corporate Governance Committee, is authorized to impose deferred vesting restrictions on any options granted and to fix the exercise price provided that such price may not be lower than the market price of the Corporation's shares determined in accordance with the rules of any stock exchange or other trading market upon which the shares of the Corporation are then listed or quoted or, if the shares of the Corporation do not trade on any such exchange or market, by the Board of Directors in their discretion. The stock options are non-assignable and non-transferable. The Stock Option Plan contains provisions for adjustment in the number of shares issuable in the event of a subdivision, consolidation, reclassification or change of the Common Shares, or a merger or other relevant changes in the Corporation's capitalization. The Stock Option Plan does not contain any provision for financial assistance by the Corporation in respect of stock options granted thereunder.

The Board may from time to time amend or revise the terms of the Stock Option Plan or may discontinue the Stock Option Plan at any time provided however that no such right may in any manner adversely affect an Optionee's rights under the option theretofore granted under the Stock Option Plan without consent of such Optionee.

Any amendments to the Stock Option Plan are subject to the prior approval of any stock exchange upon which shares of the Corporation are then listed for trading and any other regulatory authority having jurisdiction over the Corporation.

Shareholder approval will be required for the following types of amendments to the Stock Option Plan:

- an increase in the maximum number of Common Shares issuable under the Stock Option Plan;
- a change in the manner of determining the option price;
- an extension of the expiry date of an option;
- an extension of the period during which options may be granted; and
- an alteration or impairment of any option previously granted to an Optionee, without the prior written consent of the Optionee.

All other amendments to the Stock Option Plan will not require shareholder approval.

DISCLOSURE OF CORPORATE GOVERNANCE PRACTICES

Corporate Governance

National Instrument 58-101 ("**NI 58-101**") of the Canadian Securities Administrators requires the disclosure by each listed corporation of its approach to corporate governance. It is recognized that the unique characteristics of individual corporations will result in varying degrees of compliance.

The following discloses the Corporation's corporate governance practices as required by NI 58-101.

1. The Board of Directors

NI 58-101 suggests that a majority of the Board of Directors should be "independent" directors. NI 58-101 defines an "independent director" as a director who has no direct or indirect material relationship with the Corporation. A "material relationship" is in turn defined as a relationship which could, in the view of the Corporation's board of directors (the "**Board**"), be reasonably expected to interfere with such member's independent judgement. The Board is currently comprised of five members and is not currently comprised of a majority of independent directors.

Messrs. Kearney and Graber are considered independent directors since they are independent of management and free from any material relationship with the Corporation. The basis for this determination is that, since the beginning of the fiscal year ended December 31, 2013, none of the independent directors have worked for the Corporation, received direct remuneration from the Corporation or had material contracts with or material interests in the Corporation which could interfere with their ability to act with a view to the best interests of the Corporation.

Mr. Gallagher is not a member of Management but is compensated for providing Consulting Services to the Corporation. Mr. Steenberg operates an independent business law practice and provides legal services to, and acts as Secretary of the Corporation.

The Directors believe that a relatively small Board is appropriate for the current size and stage of development of the Corporation and to ensure that the Board can function effectively. The Board may in the future consider the enlargement of the Board and the appointment of additional "independent" directors.

2. Participation of Directors in Other Reporting Issuers

The participation of the Directors in other reporting issuers is described in the following table:

Name of Director	Name of Other Reporting Issuer
John Kearney	Avneel Gold Mining Limited (Director) Anglesey Mining plc (Chairman & Director) Canadian Zinc Corporation (Chairman, President, CEO & Director) Conquest Resources Limited (Chairman & Director) Labrador Iron Mines Holdings Limited (Chairman, CEO & Director) Minco plc. (Chairman & Director)
Terence McKillen	Conquest Resources Limited (Director) Minco plc. (Director)
Neil J.F. Steenberg	Conquest Resources Limited (Secretary & Director) Labrador Iron Mines Holdings Limited (Secretary)
Lee Graber	First Bauxite Corporation (Director) Renaissance Gold Inc. (Director)
Tim Gallagher	Excalibur Resources Ltd. (Chairman & CEO)

3. Orientation and Continuing Education

While the Corporation currently has no formal orientation and education program for Board members, sufficient information (such as recent reports, prospectus, proxy solicitation materials, technical reports and various other operating, property and budget reports) is provided to all Board members to ensure that directors are familiarized with the Corporation's business and the procedures of the Board. In addition, directors are encouraged to visit and meet with management on a regular basis. The Corporation also encourages continuing education of its directors and officers where appropriate in order to ensure that they have the necessary skills and knowledge to meet their respective obligations to the Corporation.

4. Ethical Business Conduct

The Board has established a Whistle Blower Policy, which details the complaint procedure for concerns about any aspect of the Corporation's activities and operations.

In addition, as some of the directors of the Corporation also serve as directors and officers of other companies engaged in similar business activities, the directors must comply with the conflict of interest provisions under the Business Corporations Act, as well as the relevant securities regulatory instruments, in order to ensure that directors exercise independent judgment in considering transactions and agreements in respect of which a director or officer has a material interest. Any interested director is required to declare the nature and extent of his or her interest and is not entitled to vote at meetings of directors where such a conflict arises.

The Board has found that the fiduciary duties placed on individual directors by the Corporation's governing corporate legislation and the common law and the restrictions placed by applicable corporate legislation on an individual director's participation in decisions of the Board in which the director has an interest have been sufficient to ensure that the Board operates independently of management and in the best interests of the Corporation.

5. Nomination Of Directors

The Board performs the functions of a nominating committee with responsibility for the appointment and assessment of directors. The Board believes that this is a practical approach at this stage of the Corporation's development and given the size of the Board.

While there are no specific criteria for Board membership, the Corporation attempts to attract and maintain directors with business knowledge and a particular knowledge of mineral exploration and development or other areas which provide knowledge which would assist in guiding the officers of the Corporation. As such, nominations tend to be the result of recruitment efforts by management of the Corporation and discussions among the directors prior to the consideration by the Board as a whole.

6. Compensation

Currently, the independent directors of the Corporation do not receive fees in their capacities as directors, as described under "Compensation of Directors". All directors are eligible to participate in the Corporation's Stock Option Plan. See "Compensation of Directors".

7. Committees

The Board has one committee: the Audit Committee. From time to time, the Board will form ad hoc committees to consider specific transactions comprised of persons unrelated to the transaction.

8. Assessments

The Board does not, at present, have a formal process in place for assessing effectiveness of the Board as a whole or its individual directors.

AUDIT COMMITTEE AND RELATIONSHIP WITH AUDITOR

Audit Committee

The Audit Committee assists the board of directors in fulfilling its responsibilities for oversight of financial and accounting matters. The committee recommends the auditors to be nominated and reviews the compensation of the auditors. The committee is directly responsible for overseeing the work of the auditors, must pre-approve non-audit services, be satisfied that adequate procedures are in place for the review of Xtierra's public disclosure of financial information extracted or derived from Xtierra's financial statements and must establish procedures for the receipt, retention and treatment of complaints regarding accounting, internal accounting controls or auditing matters. The current members of the Audit Committee are Messrs. Graber, Kearney and Gallagher, a majority of whom are independent and each of whom is financially literate in accordance with National Instrument 52-110 (NI 52-110) – *Audit Committees*.

The Audit Committee has adopted a Charter, the text of which is set out below:

PURPOSE

The Audit Committee (the "**Committee**") is appointed by the Board of Directors (the "**Board**") to assist the Board in fulfilling its oversight responsibilities relating to financial accounting and reporting process and internal controls for Xtierra Inc (the "**Corporation**"). The Committee's primary duties and responsibilities are to:

- review the quarterly and annual financial statements and management's discussion and analysis of the Corporation and report thereon to the Board;
- select and monitor the independence and performance of the outside auditors of the Corporation (the "**Independent Auditors**"), including meetings with the Independent Auditors;
- conduct such reviews and discussions with management and the independent auditors relating to the audit and financial reporting as are deemed appropriate by the Committee;
- provide oversight to related party transactions entered into by the Corporation; and
- if necessary, assess the integrity of internal controls and financial reporting procedures of the Corporation and review the internal control report prepared by management required to be included with the annual report of the Corporation;

The Committee has the authority to conduct any investigation appropriate to its responsibilities, and it may request the Independent Auditors as well as any officer of the Corporation, or outside counsel for the Corporation, to attend a meeting of the Committee or to meet with any members of, or advisors to, the Committee. The Committee shall have unrestricted access to the books and records of the Corporation and has the authority to retain, at the expense of the Corporation, special legal, accounting, or other consultants or experts to assist in the performance of the Committee's duties.

The Committee shall review and assess the adequacy of this Charter annually and submit any proposed revisions to the Board for approval.

COMPOSITION AND MEETINGS

1. The Committee and its membership shall meet all applicable legal and listing requirements, including, without limitation, those of the TSX Venture Exchange.

2. The Committee shall be composed of three or more directors, one of whom shall serve as the Chair; both the members and the Chair shall be designated by the Board from time to time.
3. A majority of the members of the Committee shall be "independent" as defined by National Instrument 58-101 - *Disclosure of Corporate Governance Practices*, and all of whom shall be financially literate in accordance with National Instrument 52-110 – *Audit Committees*.
4. The Committee shall meet at the discretion of the Chair or a majority of its members, as circumstances dictate or as may be required by applicable legal or listing requirements, and a majority of the members of the Committee shall constitute a quorum.
5. If and whenever a vacancy shall exist, the remaining members of the Committee may exercise all of its powers and responsibilities so long as a quorum remains in office.
6. The time and place at which meetings of the Committee shall be held, and procedures at such meetings, shall be determined from time to time by the Committee.
7. Any member of the Committee may participate in the meeting of the Committee by means of conference telephone or other communication equipment, and the member participating in a meeting pursuant to this paragraph shall be deemed, for purposes hereof, to be present in person at the meeting.
8. The Committee shall keep minutes of its meetings which shall be submitted to the Board. The Committee may, from time to time, appoint any person who need not be a member, to act as a secretary at any meeting.
9. The Committee may invite such officers, directors and employees of the Corporation and its subsidiary as it may see fit, from time to time, to attend at meetings of the Committee.
10. The Board may at any time amend or rescind any of the provisions hereof, or cancel them entirely, with or without substitution.
11. Any matters to be determined by the Committee shall be decided by a majority of votes cast at a meeting of the Committee called for such purpose; actions of the Committee may be taken by an instrument or instruments in writing signed by all of the members of the Committee, and such actions shall be effective as though they had been decided by a majority of votes cast at a meeting of the Committee called for such purpose.

The Committee members will be elected annually at the first meeting of the Board following the annual meeting of shareholders.

RESPONSIBILITIES

A Financial Accounting and Reporting Process and Internal Controls

1. The Committee shall review the annual audited financial statements to satisfy itself that they are presented in accordance with International Financial Reporting Standards ("**IFRS**") as issued by the International Accounting Standards Board ("**IASB**") and report thereon to the Board and recommend to the Board whether or not same should be approved prior to their being filed with the appropriate regulatory authorities. The Committee shall also review the interim financial statements. With respect to the annual audited financial statements, the Committee shall discuss significant issues regarding accounting principles, practices, and judgments of management with management and the external auditors as and when the Committee deems it appropriate to do so. The Committee shall satisfy itself that the information contained in the annual audited financial statements is not significantly erroneous, misleading or incomplete and that the audit function has been effectively carried out.
2. The Committee shall review any internal control reports prepared by management and the evaluation of such report by the external auditors, together with management's response.
3. The Committee shall be satisfied that adequate procedures are in place for the review of the Corporation's public disclosure of financial information extracted or derived from the Corporation's financial statements, management's discussion and analysis and interim financial press releases, and periodically assess the adequacy of these procedures.
4. The Committee shall review management's discussion and analysis relating to annual and interim financial statements and any other public disclosure documents, including interim financial press releases, that are required to be reviewed by the Committee under any applicable laws before the Corporation publicly discloses this information.
5. The Committee shall meet no less frequently than annually with the external auditors and the Chief Financial Officer or, in the absence of a Chief Financial Officer, with the officer of the Corporation in charge of financial matters, to review accounting practices, internal controls and such other matters as the Committee, Chief Financial Officer or, in the absence of a Chief Financial Officer, the officer of the Corporation in charge of financial matters, deem appropriate.
6. The Committee shall inquire of management and the external auditors about significant risks or exposures, both internal and external, to which the Corporation may be subject, and assess the steps management, has taken to minimize such risks.

7. The Committee shall review the post-audit or management letter containing the recommendations of the external auditors and management's response and subsequent follow-up to any identified weaknesses.
8. The Committee shall establish procedures for:
 - (a) the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal accounting controls or auditing matters; and
 - (b) the confidential, anonymous submission by employees of the Corporation of concerns regarding questionable accounting or auditing matters.
9. The Committee shall provide oversight to related party transactions entered into by the Corporation.

B Independent Auditors

1. The Committee shall recommend to the Board the external auditors to be nominated, shall set the compensation for the external auditors, provide oversight of the external auditors and shall ensure that the external auditors report directly to the Committee.
2. The Committee shall be directly responsible for overseeing the work of the external auditors, including the resolution of disagreements between management and the external auditors regarding financial reporting.
3. The Committee shall pre-approve all audit and non-audit services not prohibited by law to be provided by the external auditors in accordance with the terms of this charter.
4. The Committee shall monitor and assess the relationship between management and the external auditors and monitor, support and assure the independence and objectivity of the external auditors.
5. The Committee shall review the external auditors' audit plan, including the scope, procedures and timing of the audit.
6. The Committee shall review the results of the annual audit with the external auditors, including matters related to the conduct of the audit.
7. The Committee shall obtain timely reports from the external auditors describing critical accounting policies and practices, alternative treatments of information within IFRS that were discussed with management, their ramifications, and the external auditors' preferred treatment and material written communications between the Corporation and the external auditors.
8. The Committee shall review fees paid by the Corporation to the external auditors and other professionals in respect of audit and non-audit services on an annual basis.
9. The Committee shall review and approve the Corporation's hiring policies regarding partners, employees and former partners and employees of the present and former auditors of the Corporation.
10. The Committee shall monitor and assess the relationship between management and the external auditors and monitor the independence and objectivity of the external auditors.

C. Other Responsibilities

The Committee shall perform any other activities consistent with this Charter and governing law, as the Committee or the Board deems necessary or appropriate.

V. Composition of the Audit Committee

The Audit Committee is composed of Lee Graber, Tim Gallagher and John Kearney. The Board of Directors has determined that the Committee members have the appropriate level of financial understanding and industry specific knowledge to be able to perform the duties of the position. Furthermore, the Board has determined that each member of the Audit Committee is financially literate as defined in MI 52-110 and a majority are independent.

The education and experience of each Audit Committee Member is set forth below:

Lee Graber: Mr. Graber is financially literate and is a mining industry executive with over thirty years in the mining industry. He is currently a Partner in Pacific Road Capital Management, based in San Francisco. Mr. Graber spent 23 years with Homestake Mining Company where as Vice President responsible for Corporate Development, he initiated, managed and closed major acquisition and divestment transactions. Subsequent to Homestake, Mr. Graber was Managing Director, Mergers and Acquisitions for Endeavour Financial Ltd. in Vancouver advising junior resource companies on financings, mergers and acquisitions and project development and has served as a director of numerous of public resource companies and presently is a director of First Bauxite Corporation and Renaissance Gold Inc.

Mr. Graber has served as an officer and a director of public companies for a period in excess of thirty years. He has an in depth understanding of the accounting principles used by the Corporation to prepare its financial statements and has the ability to assess the general application of such accounting principles in connection with the accounting for estimates, accruals and reserves. He has in depth experience preparing, auditing, analyzing and evaluating financial statements with accounting issues at least comparable to the financial statements and the issues that can be reasonably be expected to be raised by the Corporation's financial statements. He has an in depth understanding of internal controls and procedures for financial reporting.

Tim Gallagher: Mr. Gallagher is a graduate in commerce from McMaster University and holds a Master of Business Administration from York University and is a Chartered Financial Analyst. He is currently Chairman & CEO of Excalibur Resources Ltd. He has been a director or senior officer of a number of public and private companies including Inflection Capital Inc. and Xmet Inc. Previously he was in institutional sales for Loewen Ondaatje McCutcheon and Union Bank of Switzerland (Canada). Mr. Gallagher has assisted a number of companies implement their growth plans primarily through the TSXV's Capital Pool Program since 1997.

Mr. Gallagher has served as an officer and director of public companies for a period in excess of twenty years. He has an in depth understanding of the accounting principles used by the Corporation to prepare its financial statements and has the ability to assess the general application of such accounting principles in connection with the accounting for estimates, accruals and reserves. He has in depth experience preparing, auditing, analyzing and evaluating financial statements with accounting issues at least comparable to the financial statements and the issues that can be reasonably be expected to be raised by the Corporation's financial statements. He has an in depth understanding of internal controls and procedures for financial reporting.

John F. Kearney: Mr. Kearney is financially literate. He is a mining and business executive with over forty years' experience in the mining industry internationally. He holds law and economics degrees from University College Dublin, a Masters Degree in Business Administration from Trinity College, Dublin and obtained the designation Associate of the Chartered Institute of Secretaries and Administrators (ACIS) in which he completed advanced accounting courses. He is a member of the Law Society of Ireland.

Mr. Kearney has been an officer and director of public companies for a period in excess of forty years. He has an in depth understanding of the accounting principles used by the Corporation to prepare its financial statements and has the ability to assess the general application of such accounting principles in connection with the accounting for estimates, accruals and reserves. He has in depth experience in supervising the preparation, auditing analyzing and evaluation of financial statements with accounting issues at least comparable to the financial statements and the issues that can be reasonably be expected to be raised by the Corporation's financial statements. He has an in depth understanding of internal controls and procedures for financial reporting.

VI. Pre-approval Policies & Procedures

The Audit Committee has adopted procedures requiring Audit Committee review and approval in advance of all particular engagement for services provided by the Auditors. Consistent with applicable laws, the procedures permit limited amounts of services, other than audit services, to be approved by the Audit Committee provided the Audit Committee is informed of each particular service. All of the engagements and fees for Fiscal 2010 and 2009 were approved by the Audit Committee. The Audit Committee reviews with the auditors whether the non-audit services to be provided are compatible with maintaining the Auditor's independence.

Since the adoption of these procedures, there has not been a recommendation of the Audit Committee to nominate or compensate an external auditor which was not adopted by the Board of Directors.

VII. Audit Fees & Services

The aggregate amounts billed by Auditors for the two fiscal years ended December 31, 2013 and 2012 for audit fees, audit related fees, tax fees and all other fees are set forth below:

	Year Ended December 31, 2013	Year Ended December 31, 2012
Audit Fees ⁽¹⁾	\$48,240	\$80,580
Audit-Related Fees ⁽²⁾	Nil	Nil
Tax Fees ⁽³⁾	Nil	Nil
All Other Fees	Nil	Nil
Total	\$48,240	\$80,580

- (1) "Audit Fees" represent fees for the audit of the annual financial statements, and review in connection with statutory and regulatory filings.
- (2) "Audit Related Fees" represents fees for assurance and related services that are related to the performance of the audit.
- (3) "Tax Fees" represent fees for tax compliance, tax advice and planning.

INTERESTS OF INFORMED PERSONS IN MATERIAL TRANSACTIONS AND MATTERS TO BE ACTED UPON

No person who has been a director or executive officer since the beginning of the Corporation's last completed fiscal year, proposed nominee for election as a director, shareholder beneficially owning (directly or indirectly) or exercising control or direction over more than 10% of the Common Shares of the Corporation, and no associate or affiliate of the foregoing persons has or has had any material interest, direct or indirect, in any transaction since the beginning of the Corporation's last completed fiscal year or in any proposed transaction which, in either case, has materially affected or will materially affect the Corporation, other than,

- On January 7, 2014, the Corporation entered into an agreement with its two principal shareholders for US\$500,000 of short term financing. Each of the Pacific Road Resource Funds ("PRRF") and Minco plc. ("Minco") purchased US\$250,000 principal amount of 5% notes (the "Notes") due March 31, 2014 (subsequently extended to April 28, 2014).
- On April 25, 2014, the Corporation entered into an exchange and investment agreement (the "Exchange and Investment Agreement") with PRRF, Minco and the Corporation's subsidiary, Orca Minerals Limited ("Orca") which provided for the following transactions:
 - The exchange by the Pacific Road Resources group of funds (collectively "PRRF") of US\$1,075,000 principal amount of the non-interest bearing unsecured convertible notes of the Corporation's subsidiary, Orca Minerals Limited ("Orca") due April 28, 2014 (the "Convertible Notes") for an aggregate of 11,944,444 Xtierra shares. The Convertible Notes were originally issued under a note purchase agreement dated April 14, 2009 and the right to exchange them for Xtierra shares was contained in such agreement;
 - The exchange by PRRF of their remaining US\$175,000 principal amount of Convertible Notes for an equivalent amount principal amount of 5% interest bearing secured notes due April 30, 2015 (the "2015 Notes");
 - The exchange by PRRF and Minco plc ("Minco") of US\$500,000 principal amount of 5% interest bearing unsecured notes originally due March 31, 2014 (the "2014 Notes") plus accrued interest of US\$7,730.39 for US\$507,730.39 principal amount of 2015 Notes; and
 - Issue and sale by way of private placement to each of PRRF and Minco of US\$125,000 principal amount of 2015 Notes at a price of 100%.
- As a result of these transactions, PRRF has increased its collective holdings to approximately 47.3 million shares (40.97%) of the Corporation.

Mr. Lee Graber, who is a director of the Corporation, is a partner in Pacific Road Capital Management of Sydney Australia, an adviser to PRRF.

Messrs. Kearney, McKillen and Varma, who are directors and/or officers of the Corporation, are directors, officers and/or shareholders of Minco.

ADDITIONAL INFORMATION

Additional information relating to the Corporation is available on SEDAR at www.sedar.com. Financial information is provided in the Corporation's Consolidated Financial Statements and Management Discussion and Analysis for the year ended December 31, 2013 which is also available on SEDAR and on the Corporation's website at www.xtierra.ca. Shareholders may also contact the Secretary of the Corporation to request copies of the Corporation's Financial Statements and Management Discussion and Analysis.

APPROVAL

The contents and the sending of this Management Information Circular have been approved by the directors of the Corporation.

Dated: May 7, 2014

"Neil J.F. Steenberg"

Neil J.F. Steenberg
Director & Secretary

BY-LAW NO. 2

A by-law amending By-Law No. 1 of

XTIERRA INC.
(the "Corporation")

BE IT ENACTED as By-Law No. 2 of the Corporation as follows:

1. By-Law No. 1 of the Corporation, being a by-law relating generally to the transaction of the business and affairs of the Corporation (hereinafter referred to as "By-Law No. 1"), is hereby amended by deleting section Article X of By-Law No. 1 and substituting therefor the following:

"ARTICLE X NOTICE

10.1 Method of Giving Notice - Unless the Business Corporations Act (Ontario) (the "Act") or this By-Law No. 1 provides otherwise, any notice, statement, report or other record required or permitted by the Act or this By-Law No. 1 (collectively referred to herein as a "record") to be sent by or to a person may be sent by any one of the following methods:

- a) Mail addressed to the person at the applicable address for that person as follows:
 - i. For a record mailed to a shareholder, at the shareholder's latest address as shown in the records of the Corporation or its transfer agent;
 - ii. For a record mailed to a director or officer, at his or her latest address as shown in the records of the Corporation or in the most recent notice filed under the Corporations Information Act (Ontario), whichever is the more current; and
 - iii. In any other case, the mailing address of the intended recipient;
- b) Delivery at the applicable address for that person as follows, addressed to the person:
 - iv. For a record delivered to a shareholder, the shareholder's registered address;
 - v. For a record delivered to a director or officer, at his or her latest address as shown in the records of the Corporation or in the most recent notice filed under the Corporations Information Act (Ontario), whichever is the more current; and
 - vi. In any other case, the delivery address of the intended recipient;
- c) Sending the record by facsimile to the facsimile number provided by the intended recipient for the sending of that record or records of that class;
- d) Sending the record by email to the email address provided by the intended recipient for the sending of that record or records of that class;
- e) Making the record available for public electronic access in accordance with the procedures referred to as "notice-and-access" under National Instrument 54-101 – Communication with Beneficial Owners of Securities of a Reporting Issuer and National Instrument 51-103 – Continuous Disclosure Obligations, as applicable, of the Canadian Securities Administrators, or in accordance with any similar electronic delivery or access method permitted by applicable securities legislation from time to time; or
- f) Physical delivery to the intended recipient.

10.2 Deemed Receipt - A notice, statement, report or other record that is:

- a) Mailed to a person by ordinary mail to the applicable address for that person referred to in subsection 10.1(a) is deemed to be received by the person to whom it was mailed on the third day (Saturdays, Sundays and statutory holidays excepted) following the date of mailing;
- b) Sent by facsimile to a person to the facsimile number provided by that person referred to in subsection 10.1(c) is deemed to be received by the person to whom it was sent by facsimile on the day that it was so transmitted;
- c) Emailed to a person to the email address provided by that person referred to in subsection 10.1(d) is deemed to be received by the person to whom it was emailed on the day that it was emailed; and
- d) Made available for public electronic access in accordance with the "notice-and-access" or similar delivery procedures referred to in subsection 10.12(e) is deemed to be received by a person on the date it was made available for public electronic access."

10.3 Notice to Joint Shareholders - If two (2) or more persons are registered as joint holders of any share, any notice shall be addressed to all of such joint holders but notice to one of such persons shall be sufficient notice to all of them.

10.4 Computation of Time - In computing the date when notice must be given under any provision requiring a specified number of days' notice of any meeting event, the date of giving the notice shall be excluded and the date of the meeting event shall be included.

10.5 Undelivered Notices - Where the Corporation sends a notice or document to a shareholder by mail in accordance with section 10.1(a) and the notice or document is returned on three (3) consecutive occasions because such shareholder cannot be found the Corporation shall not be required to send any further notices or documents to such shareholder until such shareholder informs the Corporation in writing shareholder's new address.

10.6 Omissions and Errors - The accidental omission to give any notice to any shareholder, director, officer, auditor or member of a committee of the Board or the non-receipt of any notice by any such person or any error in any notice not affecting the substance thereof shall not invalidate any action taken at any meeting held pursuant to such notice or otherwise founded thereon.

10.7 Persons Entitled by Death or Operation of Law - Every person who, by operation of law, transfer, death of a shareholder or any other means whatsoever becomes entitled to any share, shall be bound by every notice in respect of such share which shall have been duly given to the shareholder from whom such person derives his or her title to such share prior to his or her name and address being entered on the securities register (whether such notice was given before or after the happening of the event upon which such person became so entitled) and prior to his or her furnishing to the Corporation the proof of authority or evidence of his or her entitlement prescribed by the Act.

10.8 Waiver of Notice - Any shareholder (or such shareholder's duly appointed proxyholder), director, officer, auditor or member of a committee of the Board may any time waive any notice, or waive or abridge the time for any notice, required to be given to such person under any provisions of the Act, the Articles, the by-laws or otherwise and such waiver or abridgement shall cure any default in the giving or in the time of such notice, as the case may be. Any such waiver or abridgement shall be in writing except a waiver of notice of a meeting of shareholders or of the Board which may be given in any manner.