
AMALGAMATION AGREEMENT

AMONG:

GIDEON CAPITAL CORP.

AND:

GIDEON ACQUISITION CORP.

AND:

MONTERRA S.A.

TABLE OF CONTENTS

PART 1 <u>INTERPRETATION</u>	2
DEFINITIONS	2
INTERPRETATION	7
EXHIBITS	8
PART 2 <u>THE AMALGAMATION</u>	9
AGREEMENT TO AMALGAMATE	9
EFFECT OF AMALGAMATION	9
NAME	9
REGISTERED OFFICE	10
AUTHORIZED CAPITAL AND RESTRICTIONS ON SHARE TRANSFERS	10
FISCAL YEAR	10
BUSINESS	10
INITIAL DIRECTORS	10
INITIAL OFFICER	11
EXCHANGE OF GIDEON SUB SHARES AND MONTERRA SHARES	11
EXCHANGE OF MONTERRA OPTIONS	11
COMPLETION OF THE AMALGAMATION AND EFFECTIVE DATE	11
GIDEON GUARANTEE	11
PART 3 <u>COVENANTS</u>	12
MUTUAL COVENANTS	12
ADDITIONAL COVENANTS OF GIDEON AND GIDEON SUB	14
ADDITIONAL COVENANTS OF MONTERRA	14
PART 4 <u>REPRESENTATIONS AND WARRANTIES</u>	15
REPRESENTATIONS AND WARRANTIES OF GIDEON AND GIDEON SUB	15
REPRESENTATIONS AND WARRANTIES OF MONTERRA	17
SURVIVAL OF REPRESENTATION AND WARRANTIES	20
PART 5 <u>AGREEMENTS</u>	20
MONTERRA MEETING AND INFORMATION CIRCULAR	20
QUALIFYING TRANSACTION	21
PREPARATION OF FILINGS	21
PRIVATE PLACEMENTS	22
PART 6 <u>CONDITIONS PRECEDENT</u>	23
MUTUAL CONDITIONS PRECEDENT	23
ADDITIONAL CONDITIONS TO OBLIGATIONS OF GIDEON	23
ADDITIONAL CONDITIONS TO OBLIGATIONS OF MONTERRA	25
NOTICE AND EFFECT OF FAILURE TO COMPLY WITH CONDITIONS	26
SATISFACTION OF CONDITIONS	27
PART 7 <u>AMENDMENT</u>	27
AMENDMENT	27
PART 8 <u>TERMINATION</u>	27
TERMINATION	27

PART 9 GENERAL.....28

NOTICES.....28

BINDING EFFECT.....29

ASSIGNMENT.....29

ENTIRE AGREEMENT.....29

PUBLIC COMMUNICATIONS.....29

COSTS.....30

CONFIDENTIALITY.....30

SEVERABILITY.....30

FURTHER ASSURANCES.....31

TIME OF ESSENCE.....31

APPLICABLE LAW AND ENFORCEMENT.....31

WAIVER.....31

COUNTERPARTS.....31

EXHIBIT “A” – FORM OF ARTICLES OF AMALCO
EXHIBIT “B” – ANDI-OROTIERRA CONCESSIONS

AMALGAMATION AGREEMENT

THIS AMALGAMATION AGREEMENT is dated as of the 1st day of June, 2012.

AMONG:

GIDEON CAPITAL CORP., a corporation existing under the laws of the Province of Ontario

(“**Gideon**”);

AND:

GIDEON ACQUISITION CORP., a corporation existing under the laws of the Republic of Panama

(“**GideonSub**”);

AND:

MONTERRA S.A., a corporation existing under the laws of the Republic of Panama

(“**Monterra**”);

WHEREAS:

(A) It is intended that Monterra and GideonSub, a wholly-owned subsidiary of Gideon, will amalgamate and form one corporation under the laws of the Republic of Panama (as herein defined; the “**Amalgamation**”);

(B) Gideon is a Capital Pool Company and the Amalgamation is intended to serve as Gideon’s Qualifying Transaction (the “**Qualifying Transaction**”) pursuant to Policy 2.4 of the Exchange (as herein defined); and

(C) Upon the Amalgamation taking effect, securityholders of Monterra will receive securities of Gideon in the proportion and to the extent set out herein;

NOW THEREFORE, in consideration of the covenants and agreements herein contained and other good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged), the Parties hereto do hereby covenant and agree as follows:

PART 1
INTERPRETATION

Definitions

1.1 In this Agreement, the following defined terms have the meanings hereinafter set forth:

- (a) “**Agreement**” means this amalgamation agreement (including the schedules and exhibits hereto) as supplemented, modified or amended, and not to any particular article, section, schedule, exhibit or other portion hereof;
- (b) “**Amalco**” means the corporation continuing from the Amalgamation;
- (c) “**Amalco Shares**” means the common shares in the capital of Amalco;
- (d) “**Amalgamation**” means the amalgamation of GideonSub and Monterra under the laws of the Republic of Panama on the terms and conditions set forth in this Agreement;
- (e) “**Amalgamation Resolution**” means the resolution in respect of the Amalgamation to be considered by the Monterra Shareholders at the Monterra Meeting;
- (f) “**Andi-Orotierra Concessions**” means the 12 contiguous mining concessions covering a total of 53,782 hectares in the Nabon area of Ecuador held by Monterra, through its wholly-owned Ecuadorian subsidiaries, as more particularly set forth at Exhibit “B” hereto;
- (g) “**Applicable Canadian Securities Laws**” means, collectively, and as the context may require, the applicable securities legislation of each of the provinces and territories of Canada, and the rules, regulations, instruments, orders and policies published and/or promulgated thereunder, as such may be amended from time to time prior to the Effective Date;
- (h) “**Applicable Laws**”, in the context that refers to one or more Persons, means any domestic or foreign, federal, state, provincial or local law (statutory, common or otherwise), constitution, treaty, convention, ordinance, code, rule, regulation, order, injunction, judgment, decree, ruling or other similar requirement enacted, adopted, promulgated or applied by a Governmental Authority, and any terms and conditions of any grant of approval, permission, authority or license of any Governmental Authority, that is binding upon or applicable to such Person or Persons or its or their business, undertaking, property or securities and emanate from a Person having jurisdiction over the Person or persons or its or their business, undertaking, property or securities;
- (i) “**Articles**” means the Articles of Amalco to be prepared by Monterra, with the cooperation, consultation and prior approval of Gideon, acting reasonably, in

respect of the Amalgamation and in substantially the form set out in Exhibit “A” to this Agreement;

- (j) “**Brokered Private Placement**” has the meaning ascribed thereto in §5.4;
- (k) “**Business Day**” means a day other than a Saturday, Sunday or other day when banks in Ontario or the Republic of Panama are not generally open for business;
- (l) “**Claims**” means any suit, action, dispute, civil or criminal litigation, claim, arbitration or legal, administrative or other proceeding or governmental investigation, including appeals and applications for review;
- (m) “**Constating Documents**” means, (i) as to each of Monterra and GideonSub, its certificate of incorporation and articles of incorporation as in effect as of the date of this Agreement, and (ii) as to Gideon, its certificate of incorporation, articles of incorporation and bylaws as in effect as of the date of this Agreement;
- (n) “**Contaminant**” means and includes, without limitation, any pollutants, dangerous substances, liquid wastes, hazardous wastes, hazardous materials, hazardous substances or contaminants;
- (o) “**Depositary**” means Computershare Investor Services Inc., or such other person that may be appointed by Monterra for the purpose of receiving deposits of certificates formerly representing Monterra Shares;
- (p) “**Debentures**” has the meaning ascribed thereto in §5.5;
- (q) “**Debenture Unit**” has the meaning ascribed thereto in §5.5;
- (r) “**distribution**” means “distribution” or “distribution to the public”, as the case may be, as defined under the Applicable Canadian Securities Laws; and “**distribute**” has a corresponding meaning;
- (s) “**Effective Date**” means the date of Registration giving effect to the Amalgamation;
- (t) “**Effective Time**” means the time of Registration on the Effective Date;
- (u) “**Environmental Activity**” means and includes, without limitation, any past, present or future activity, event or circumstance in respect of a Contaminant including, without limitation, the storage, use, holding, collection, purchase, accumulation, assessment, generation, manufacture, construction, processing, treatment, stabilization, disposition, handling or transportation thereof, or the release, escape, leaching, dispersal or migration thereof into the natural environment, including the movement through or in the air, soil, surface water or groundwater;

- (v) “**Environmental Laws**” means and includes, without limitation, any and all applicable federal, provincial, state, municipal or local laws, statutes, regulations, treaties, orders, judgments, decrees, ordinances, official directives and all authorizations relating to the environment, occupational health and safety, or any Environmental Activity;
- (w) “**Exchange**” means the TSX Venture Exchange, Inc.;
- (x) “**Exchange Policy 2.4**” means Exchange Policy 2.4 – Capital Pool Companies, as amended;
- (y) “**Filing Statement**” means the filing statement describing the Transaction as accepted by the Exchange;
- (z) “**Gideon**” means Gideon Capital Corp., a corporation incorporated under the laws of the Province of Ontario;
- (aa) “**Gideon Board of Directors**” means the board of directors of Gideon, as it may be comprised from time to time, including any duly constituted and acting committee thereof;
- (bb) “**Gideon Financial Statements**” means the financial statements of Gideon that are available in the Public Record;
- (cc) “**Gideon Options**” means all stock options exercisable to acquire Gideon Shares outstanding immediately prior to the Effective Date;
- (dd) “**Gideon Parties**” means, collectively and taken as a whole, Gideon and GideonSub and “**Gideon Party**” means either of them;
- (ee) “**Gideon Shareholders**” means the holders of the Gideon Shares;
- (ff) “**Gideon Shares**” means the common shares in the capital of Gideon;
- (gg) “**GideonSub**” means Gideon Acquisition Corp., a wholly-owned subsidiary of Gideon and a corporation incorporated under the laws of the Republic of Panama;
- (hh) “**GideonSub Board of Directors**” means the board of directors of GideonSub, as it may be comprised from time to time;
- (ii) “**GideonSub Shares**” means the common shares in the capital of GideonSub;
- (jj) “**Gideon Warrants**” means all warrants or other securities convertible or exercisable to acquire Gideon Shares outstanding immediately prior to the Effective Date, but excluding Gideon Options.
- (kk) “**Governmental Authority**” means any:

- (i) multinational, federal, provincial, state, regional, municipal, local or other government or any governmental or public department, central bank, court, tribunal, arbitral body, commission, board, bureau, ministry or agency, domestic or foreign;
 - (ii) any subdivision, agent, commission, board or authority of any of the foregoing;
 - (iii) any quasi-governmental or private body exercising any regulatory, expropriation or taxing authority under or for the account of any of the foregoing; and
 - (iv) any stock exchange;
- (ll) “**IFRS**” has the meaning ascribed thereto in §1.2(g);
- (mm) “**Information Circular**” means the management information circular and proxy statement of Monterra, together with all appendices thereto, to be mailed or otherwise distributed by Monterra to the Monterra Shareholders in connection with the Monterra Meeting, together with any amendments thereto or supplements thereof;
- (nn) “**Material Adverse Change**” or “**Material Adverse Effect**” means, with respect to a Person, any matter or action that has an effect or change that is, or would reasonably be expected to be, material and adverse to the business, results of operations, assets, capitalization, financial condition, rights, liabilities or prospects, contractual or otherwise, of such Person and its subsidiaries, if applicable, taken as a whole, other than any matter, action, effect or change relating to or resulting from: (i) a matter that has been publicly disclosed prior to the date of this Agreement or otherwise disclosed in writing by a Party to the other Party prior to the date of this Agreement; (ii) any action or inaction taken by such Person to which the other Person had consented in writing; (iii) the announcement of the transactions contemplated by the Amalgamation or this Agreement; or (iv) general economic, financial, currency exchange, securities, banking or commodity market conditions in the Republic of Panama, Canada or worldwide;
- (oo) “**Misrepresentation**”, “**Material Change**” and “**Material Fact**” has the meanings ascribed thereto under the Applicable Canadian Securities Laws;
- (pp) “**Monterra**” means Monterra S.A., a corporation incorporated under the laws of the Republic of Panama;
- (qq) “**Monterra Parties**” means, collectively and taken as a whole, Monterra and its wholly-owned Ecuadorian subsidiaries and “**Monterra Party**” means each of them;

- (rr) “**Monterra Board of Directors**” means the board of directors of Monterra, as it may be comprised from time to time;
- (ss) “**Monterra Meeting**” means the special meeting of Monterra Shareholders to be called to consider and, if thought fit, authorize, approve and adopt the Amalgamation and related matters, and includes any adjournments thereof;
- (tt) “**Monterra Options**” means all stock options exercisable to acquire Monterra Shares outstanding immediately prior to the Effective Date;
- (uu) “**Monterra Record Date**” means the date for determining Monterra Shareholders entitled to receive notice of and vote at the Monterra Meeting;
- (vv) “**Monterra Shareholders**” means the holders of Monterra Shares;
- (ww) “**Monterra Shares**” means common shares in the capital of Monterra;
- (xx) “**Non-Brokered Private Placement**” has the meaning ascribed thereto in §5.5;
- (yy) “**OBCA**” means the *Business Corporations Act* (Ontario), as amended, including the regulations promulgated thereunder;
- (zz) “**Outside Date**” means September 28, 2012, or such other date as may be agreed to by the Parties in writing;
- (aaa) “**Parties**” means, collectively, the parties to this Agreement, and “**Party**” means any one of them, or where implied by the context, means the Gideon Parties or Monterra, as the case may be;
- (bbb) “**Person**” includes any individual, firm, partnership, joint venture, venture capital fund, association, trust, trustee, executor, administrator, legal personal representative, estate group, body corporate, corporation, unincorporated association or organization, Governmental Authority, syndicate or other entity, whether or not having legal status;
- (ccc) “**Private Placements**” mean, collectively, the Brokered Private Placement and the Non-Brokered Private Placement;
- (ddd) “**Public Record**” means all information filed by Gideon with any securities commission or similar regulatory authority in compliance, or intended compliance, with Applicable Laws;
- (eee) “**Qualifying Transaction**” has the meaning ascribed thereto in the recitals to this Agreement;
- (fff) “**Registrar**” means the Public Registry Office of Panama;

- (ggg) “**Registration**” means the registration by the Registrar of the Amalgamation Resolution, the Articles, this Agreement and such other documents as may be required to give effect to the Amalgamation;
- (hhh) “**Securities Act**” means the *Securities Act* (Ontario), as amended, including the regulations promulgated thereunder;
- (iii) “**Securities Commissions**” means the securities commissions of Ontario, British Columbia and Alberta;
- (jjj) “**SouAm**” has the meaning ascribed thereto in §3.1(f);
- (kkk) “**SouAm Conversion Option**” has the meaning ascribed thereto in §3.1(f);
- (lll) “**SouAm Monterra Shares**” has the meaning ascribed thereto in §3.1(f);
- (mmm) “**subsidiary**” has the meaning ascribed thereto in the Securities Act;
- (nnn) “**Subscription Receipts**” has the meaning ascribed thereto in §5.4;
- (ooo) “**Transaction**” means the transactions contemplated by, or in relation to, this Agreement including the Amalgamation and the Private Placements;

Interpretation

1.2 For the purposes of this Agreement, except as otherwise expressly provided:

- (a) the division of this Agreement into articles, sections and subsections is for convenience of reference only and does not affect the construction or interpretation of this Agreement. The terms “this Agreement”, “hereto”, “herein” and “hereunder” and similar expressions refer to this Agreement (including exhibits hereto) and not to any particular article, section or other portion hereof and include any agreement or instrument supplementary or ancillary hereto;
- (b) words importing the singular number include the plural and vice versa, and words importing the use of any gender include all genders;
- (c) the word “including”, when following any general statement or term, is not to be construed as limiting the general statement or term to the specific items or matters set forth or to similar items or matters, but rather as permitting the general statement or term to refer to all other items or matters that could reasonably fall within its broadest possible scope;
- (d) if any date on which any action is required to be taken hereunder by any of the Parties is not a Business Day and a business day in the place where an action is required to be taken, such action is required to be taken on the next succeeding day which is a Business Day and a business day, as applicable, in such place;

- (e) any reference in this Agreement to any statute or any section thereof shall, unless otherwise expressly stated, be deemed to be a reference to such statute or section as amended, restated or re-enacted from time to time, and to any regulations promulgated thereunder. References to any agreement or document shall be to such agreement or document (together with all schedules and exhibits thereto), as it may have been or may hereafter be amended, supplemented, replaced or restated from time to time;
- (f) all sums of money that are referred to in this Agreement are expressed in lawful money of Canada unless otherwise noted;
- (g) unless otherwise stated, all accounting terms used in this Agreement shall have the meanings attributable thereto under International Financial Reporting Standards as promulgated by the International Accounting Standards Board (“**IFRS**”) and all determinations of an accounting nature are required to be made shall be made in a manner consistent with IFRS;
- (h) all representations, warranties, covenants and opinions in or contemplated by this Agreement as to the enforceability of any covenant, agreement or document are subject to enforceability being limited by applicable bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and other laws relating to or affecting creditors’ rights generally, and the discretionary nature of certain remedies (including specific performance and injunctive relief and general principals of equity);
- (i) where any representation or warranty contained in this Agreement is expressly qualified by reference to the knowledge of a Party, it refers to the actual knowledge of the senior officers of the Party after due inquiry; and
- (j) the Parties hereto acknowledge that their respective legal counsel have reviewed and participated in settling the terms of this Agreement, and the Parties agree that any rule of construction to the effect that any ambiguity is to be resolved against the drafting Party will not be applicable in the interpretation of this Agreement.

Exhibits

1.3 The following exhibits attached hereto are incorporated into and form an integral part of this Agreement:

Exhibit “A” – Form of Articles of Amalco; and

Exhibit “B” – Andi-Orotierra Concessions.

PART 2
THE AMALGAMATION

Agreement to Amalgamate

2.1 Gideon, GideonSub and Monterra agree that GideonSub and Monterra shall amalgamate pursuant to the laws of the Republic of Panama as of the Effective Date and continue as one corporation on the terms and conditions set out in this Agreement.

Effect of Amalgamation

2.2 At the Effective Time:

- (a) GideonSub and Monterra shall amalgamate to form Amalco and shall continue as one company under the laws of the Republic of Panama;
- (b) the property of each of GideonSub and Monterra shall continue to be the property of Amalco;
- (c) Amalco shall continue to be liable for the obligations of each of GideonSub and Monterra;
- (d) the Articles attached hereto as Exhibit "A" shall be the articles of Amalco;
- (e) the share certificates evidencing GideonSub Shares shall cease to represent any claim upon or interest in GideonSub, but rather shall represent only the right of the holder of such GideonSub Shares to receive a certificate representing Amalco Shares in denominations as determined in accordance with the terms of this Agreement and the Amalgamation;
- (f) the share certificates evidencing Monterra Shares shall cease to represent any claim upon or interest in Monterra, but rather shall represent only the right of the holder of such Monterra Shares to receive a certificate representing Gideon Shares in denominations as determined in accordance with the terms of this Agreement and the Amalgamation; and
- (g) the Monterra Options shall cease to represent any claim to acquire Monterra Shares, but rather shall represent only the right of the holder of such Monterra Options to receive Gideon Options on substantially the same terms as the Monterra Options in accordance with the terms of this Agreement and the Amalgamation.

Name

2.3 The name of Amalco shall be "Monterra Panama S.A.".

Registered Office

2.4 The registered office of Amalco shall be 53rd E Street, Urbanizacion Marbella, MMG Tower, 16th Floor, Panama, Republic of Panama.

Authorized Capital and Restrictions on Share Transfers

2.5 The authorized capital of Amalco shall be the equivalent of one hundred United States dollars (US\$100) divided into one hundred (100) shares with a par value of one United States dollar each. No shares of Amalco may be transferred except in compliance with the restrictions set out in the Articles.

Fiscal Year

2.6 The fiscal year end of Amalco shall be August 31 of each calendar year.

Business

2.7 There shall be no restriction on the business which Amalco is authorized to carry on.

Initial Directors

2.8 The initial directors of Amalco shall be the persons whose names and addresses appears below:

<u>Name</u>	<u>Address</u>
Ian Harris	53rd E Street, Urbanizacion Marbella, MMG Tower, 16th Floor, Panama, Republic of Panama
Martin Doane	53rd E Street, Urbanizacion Marbella, MMG Tower, 16th Floor, Panama, Republic of Panama
Robert Hodgkinson	53rd E Street, Urbanizacion Marbella, MMG Tower, 16th Floor, Panama, Republic of Panama

Such directors shall hold office until the first annual meeting of shareholders of Amalco or until his successor is elected or appointed.

Initial Officer

2.9 The initial officer of Amalco shall be the person whose name and positions appears below:

<u>Name</u>	<u>Position</u>
Ian Harris	President, Secretary and Treasurer

Exchange of GideonSub Shares and Monterra Shares

2.10 At the Effective Time:

- (a) the Monterra Shares shall be cancelled and each Monterra Shareholder shall receive one (1) Gideon Share for each Monterra Share held by such holder; and
- (b) the GideonSub Shares shall be cancelled and Gideon, the sole shareholder of GideonSub, shall receive one (1) Amalco Share for each GideonSub Share held.

Exchange of Monterra Options

2.11 At the Effective Time, each Monterra Option that is outstanding and unexercised immediately prior thereto shall, without any further action on the part of the holder of such a Monterra Option, cease to represent a right to acquire Monterra Shares and shall be replaced with an option to purchase, on substantially the same terms and conditions as were applicable under the particular Monterra Option, the number of Gideon Shares equal to the number of Monterra Shares subject to the particular Monterra Option at an exercise price per Gideon Share equal to the exercise price per Monterra Share as set forth in the particular Monterra Option.

Completion of the Amalgamation and Effective Date

2.12 Upon the satisfaction or waiver of the conditions herein contained in favour of each Party, Monterra and GideonSub shall immediately deliver to the Registrar a copy of the Amalgamation Resolution, the Articles, this Agreement and such other documents as may be required to give effect to the Amalgamation and shall cause the Registration. The Amalgamation shall become effective at the Effective Time.

Gideon Guarantee

2.13 Gideon hereby unconditionally and irrevocably guarantees the due and punctual performance by GideonSub of each and every covenant and obligation of GideonSub arising under the Amalgamation. Gideon hereby agrees that Monterra shall not have to proceed first against GideonSub before exercising its rights under this guarantee against Gideon.

PART 3
COVENANTS

Mutual Covenants

3.1 From the date of this Agreement until the earlier of the Effective Date and the termination of this Agreement in accordance with Part 8, except as otherwise expressly permitted or specifically contemplated by this Agreement or required by Applicable Laws, each of the Parties shall:

- (a) carry on its business in the usual, regular and ordinary course of business consistent with its past practice;
- (b) not alter or amend its Constatng Documents as the same exist at the date of this Agreement, except in connection with the Amalgamation;
- (c) take, or cause to be taken, all action and to do, or cause to be done, all other things necessary, proper or advisable under Applicable Laws to complete the Amalgamation, including using reasonable commercial efforts:
 - (i) to obtain all necessary consents, assignments, waivers and amendments to or terminations of any agreements and take such measures as may be appropriate to fulfill its obligations hereunder and to carry out the transactions contemplated hereby;
 - (ii) to effect all necessary registrations, filings and submissions of information requested by Governmental Authorities required to be effected by it in connection with the Amalgamation;
 - (iii) to oppose, lift or rescind any injunction or restraining or other order seeking to stop, or otherwise adversely affecting its ability to consummate, the Amalgamation and to defend, or cause to be defended, any proceedings to which it is a party or brought against it or its directors or officers challenging this Agreement or the consummation of the transactions contemplated hereby; and
 - (iv) to reasonably cooperate with the other Parties and their tax advisors in structuring the Amalgamation and other transactions contemplated to occur in conjunction with the Amalgamation in a tax effective manner and assist the other Parties and their tax advisors in making such investigations and enquiries with respect to such Parties in that regard, as the other Parties and its tax advisors shall consider necessary, acting reasonably;
- (d) not take any action that would render, or may reasonably be expected to render, any representation or warranty made by such Party in this Agreement untrue in any material respect;

- (e) use reasonable commercial efforts to obtain and maintain the third party approvals applicable to them and provide the same to the other Parties on or prior to the Effective Date;
- (f) except as provided in this Agreement, not amalgamate or consolidate with, or enter into any other corporate reorganization with, any other corporation or person or perform any act or enter into any transaction or negotiation which, in the opinion of the Monterra Parties or the Gideon Parties acting reasonably, interferes or is inconsistent with the completion of the transactions contemplated hereby. Without limiting the foregoing, except as provided in this Agreement, none of the Parties shall (i) make any distribution by way of dividend, return of capital or otherwise to or for the benefit of its shareholders or (ii) save and except the right of Monterra to issue Monterra Shares, at a price of no less than \$0.15 per Monterra Share, up to its authorized share capital of 75,000,000 common shares and the up to 4,800,000 Monterra Shares (the “**SouAm Monterra Shares**”) issuable, at a deemed price of US\$0.15 per Monterra Share, by Monterra to SouAm Gold Corp., a company incorporated under the laws of Alberta (“**SouAm**”), upon exercise by SouAm, in its sole discretion, of an option to convert (the “**SouAm Conversion Option**”) all or part of the principal and interest outstanding under a certain promissory note issued by Monterra to SouAm pursuant to that certain “Restatement of Interest Agreement”, dated August 29, 2010, between Monterra and SouAm, issue any of its shares or other securities convertible into shares or enter into any commitment or agreement (other than on the exercise of convertible securities);
- (g) furnish to the other Parties such information, in addition to the information contained in this Agreement, relating to its financial condition, business, properties and affairs as may reasonably be requested another Party, which information shall be true and complete in all material respects and shall not contain an untrue statement of any Material Fact or omit to state any Material Fact required to be stated therein or necessary in order to make the statements therein, in the light of the circumstances in which they are made, not misleading and will notify the other Parties of any significant development or Material Change relating to it promptly after becoming aware of any such development or change;
- (h) promptly notify the other Parties in writing of any change in any representation or warranty provided in this Agreement which change is or may be of such a nature as to render any representation or warranty misleading or untrue in any material respect and the Parties shall in good faith discuss with the other Parties such change in circumstances (actual, anticipated, contemplated, or to its knowledge, threatened) which is of such a nature that there may be a reasonable question as to whether notice need to be given to the other Parties pursuant to this §3.1(h);
- (i) promptly notify the other Parties in writing of any material breach by such Party of any covenant, obligation or agreement contained in this Agreement; and

- (j) not, directly or indirectly, solicit, initiate, assist, facilitate, promote or knowingly encourage the initiation of proposals or offers from, entertain or enter into discussions or negotiations with any person other than the other Parties hereto, with respect to any amalgamation, merger, consolidation, arrangement, restructuring, sale of any material assets or part thereof of such Party, unless such action, matter or transaction is part of the transactions contemplated in this Agreement or is required as a result of the duties of directors and officers of the applicable Party in compliance with Applicable Laws.

Additional Covenants of Gideon and GideonSub

3.2 From the date of this Agreement until the earlier of the Effective Date and the termination of this Agreement in accordance with Part 8, except as expressly permitted or specifically contemplated by this Agreement or required by Applicable Laws, each of Gideon and GideonSub covenant and agree that:

- (a) Gideon and GideonSub shall use their reasonable commercial efforts to satisfy or cause the satisfaction of the conditions set forth in §6.1 and §6.3 as soon as reasonably practicable, to the extent the fulfillment of the same is within the control of Gideon or GideonSub, as the case may be;
- (b) Gideon shall, as the sole shareholder of GideonSub, approve the Amalgamation, together with such matters as are required to effect the Amalgamation;
- (c) Gideon shall, on the Effective Date, provide to the Depositary an irrevocable direction authorizing and directing the Depositary to issue the Gideon Shares issuable under the Amalgamation to holders of the Monterra Shares and shall irrevocably direct the Depositary to distribute the Gideon Shares to the holders of the Monterra Shares in accordance with the terms of the Amalgamation; and
- (d) Gideon shall, on the Effective Date, issue to holders of Monterra Options, options to purchase Gideon Shares in accordance with the terms of the Amalgamation.

Additional Covenants of Monterra

3.3 From the date of this Agreement until the earlier of the Effective Date and the termination of this Agreement, except as expressly permitted or specifically contemplated by this Agreement or required by Applicable Laws, Monterra covenants and agrees that:

- (a) Monterra will use its reasonable commercial efforts to satisfy or cause the satisfaction of the conditions set forth in §6.1 and §6.2 as soon as reasonably practicable, to the extent the fulfillment of the same is within the control of Monterra; and
- (b) Monterra shall use reasonable commercial efforts to seek approval of the Amalgamation Resolution at the Monterra Meeting, together with the approval of such matters as are required to effect the Amalgamation.

PART 4
REPRESENTATIONS AND WARRANTIES

Representations and Warranties of Gideon and GideonSub

4.1 Gideon and GideonSub represent and warrant to Monterra as follows, and acknowledge that Monterra is relying upon such representations and warranties in connection with the matters contemplated by this Agreement:

- (a) each of Gideon and GideonSub has good and sufficient right and authority to enter into this Agreement and carry out its intentions hereunder;
- (b) Gideon is duly incorporated under the laws of the Province of Ontario and GideonSub is duly incorporated under the laws of the Republic of Panama, each is currently in good standing, and not subject to any regulatory decision or order prohibiting or restricting trading in its shares;
- (c) Gideon is a “reporting issuer” in Ontario, British Columbia and Alberta and is currently listed on the Exchange;
- (d) Gideon is authorized to issue an unlimited number of common shares, of which 12,500,000 common shares are outstanding as at the date hereof, and it has outstanding Gideon Options of not more than 1,250,000, and Gideon Warrants of not more than 250,000;
- (e) GideonSub is authorized to issue 100 common shares, of which 100 common shares are outstanding as at the date hereof, all of which are held by Gideon;
- (f) other than the securities referred to in §4.1(d) and §4.1(e), there are no other shares, options, warrants, convertible notes or debentures, agreements, documents, instruments or other writings of any kind whatsoever which constitute a “security” of Gideon or GideonSub (as that term is defined in the Securities Act);
- (g) there are no outstanding actions, suits, judgments, investigations or proceedings of any kind whatsoever against or affecting Gideon or GideonSub at law or in equity or before or by any federal, provincial, state, municipal or other governmental department, commission, board, bureau or agency of any kind whatsoever, nor are there, to the best of its knowledge, any pending or threatened;
- (h) this Agreement is a binding agreement on Gideon and GideonSub, enforceable against each of them in accordance with its terms and conditions;
- (i) Gideon has, as the sole shareholder of GideonSub, approved the Amalgamation, together with such matters as are required to effect the Amalgamation;
- (j) the financial statements, annual and interim MD&A, management proxy circulars and press releases of Gideon filed with the Securities Commissions on or during

the twelve months preceding the date hereof are in all material respects accurate and up to date and omit no facts, the omission of which makes the Public Record or any particulars therein, materially misleading or incorrect;

- (k) since December 31, 2011, neither Gideon nor GideonSub has incurred any debts or liabilities, absolute, contingent or otherwise except in the ordinary course of business and neither Gideon nor GideonSub has granted any general security over its assets;
- (l) neither Gideon nor GideonSub has any outstanding taxes due and payable;
- (m) Gideon is up to date and current with all filings required by the Securities Commissions;
- (n) as of the date hereof, neither Gideon nor GideonSub has any debts or obligations other than those disclosed in its accounts and has granted no general security over its assets or security in any particular asset;
- (o) as at the date hereof, there are no reasonable grounds for believing that any creditor of Gideon or GideonSub will be prejudiced by the Amalgamation;
- (p) as at the date hereof, Gideon has no subsidiaries, except for GideonSub;
- (q) there are no agreements, covenants, undertakings, rights of first refusal or other commitments of either Gideon or GideonSub or any instruments binding on it or its assets:
 - (i) which would preclude it from entering into this Agreement;
 - (ii) under which the Amalgamation would have the effect of imposing restrictions or obligations on Amalco greater than those imposed upon Gideon or GideonSub;
 - (iii) which would give a third party, as a result of the transactions contemplated in this Agreement, the right to terminate any material agreement to which Gideon or GideonSub is a party or to purchase any of Gideon's, GideonSub's or Amalco's assets; or
 - (iv) which would impose restrictions on the ability of Amalco:
 - (A) to carry on any business which it might choose to carry on within any geographical area;
 - (B) to acquire property or dispose of its property and assets as an entirety;
 - (C) to pay dividends, redeem shares or make other distributions to its shareholders;

- (D) to borrow money or to mortgage and pledge its property as security therefore; or
- (E) to change its corporate status, and
- (r) the representations, warranties or statements of fact made in this section do not contain any untrue statement of a material fact or omit to state any material fact necessary to make any such warranty or representation not misleading to Monterra in seeking full information as to Gideon and GideonSub and their assets, liabilities and business.

Representations and Warranties of Monterra

4.2 Monterra represents and warrants to Gideon and GideonSub as follows, and acknowledges that Gideon and GideonSub are relying upon such representations and warranties in connection with the matters contemplated by this Agreement:

- (a) it has good and sufficient right and authority to enter into this Agreement and carry out its intentions hereunder;
- (b) it is existing under the laws of the Republic of Panama and is currently in good standing, and is not subject to any regulatory decision or order prohibiting or restricting trading in its shares;
- (c) each of its subsidiaries is:
 - (i) wholly-owned by Monterra;
 - (ii) duly organized, validly existing and in good standing under the laws of Ecuador; and
 - (iii) not subject to any regulatory decision or order prohibiting or restricting trading in its shares;
- (d) each of its subsidiaries has no convertible securities, exchangeable securities or securities with warrants;
- (e) it is authorized to issue 75,000,000 common shares, of which 72,600,613 common shares are outstanding, and it has outstanding Monterra Options of not more than 3,700,000 as at the date hereof;
- (f) other than the securities referred to in §4.2(e) and save and except the SouAm Monterra Shares issuable to SouAm upon exercise of the SouAm Conversion Option, there are no other shares, options, warrants, convertible notes or debentures, agreements, documents, instruments or other writings of any kind whatsoever which constitute a “security” of Monterra (as that term is defined in the Securities Act);

- (g) there are no outstanding actions, suits, judgments, investigations or proceedings of any kind whatsoever against or affecting Monterra or its subsidiaries at law or in equity or before or by any federal, provincial, state, municipal or other governmental department, commission, board, bureau or agency of any kind whatsoever nor are there, to the best of its knowledge, any pending or threatened;
- (h) this Agreement is a binding agreement on Monterra, enforceable against it in accordance with its terms and conditions;
- (i) the shareholders of Monterra approved the Amalgamation, together with such matters as are required to effect the Amalgamation;
- (j) since August 31, 2011, save and except each of the \$25,000 unsecured loan and \$225,000 secured loan advanced by Gideon to Monterra pursuant to that certain "Loan Agreement", dated May 1, 2012 as may be amended from time to time, between Monterra and Gideon, Monterra and its subsidiaries have not incurred any debts or liabilities, absolute, contingent or otherwise except in the ordinary course of business and have not granted any general security over their assets;
- (k) it and its subsidiaries have no outstanding taxes due and payable;
- (l) as of the date hereof, Monterra and its subsidiaries have no debts and obligations other than those disclosed in their accounts and Monterra and its subsidiaries have granted no general security over their assets or security in any particular asset other than those disclosed in their accounts;
- (m) as at the date hereof there are no reasonable grounds for believing that any creditor of Monterra and its subsidiaries will be prejudiced by the Amalgamation;
- (n) it has no subsidiaries, except Terrasources Minerals SA, Goldminindex SA and Nabonminas SA, each of which is a wholly-owned subsidiary of Monterra and is a company existing under the laws of Ecuador;
- (o) there are no agreements, covenants, undertakings, rights of first refusal or other commitments of Monterra and its subsidiaries or any instruments binding on them or their assets:
 - (i) which would preclude Monterra from entering into this Agreement;
 - (ii) under which the Amalgamation would have the effect of imposing restrictions or obligations on Amalco greater than those imposed upon Monterra and its subsidiaries;
 - (iii) which would give a third party, as a result of the transactions contemplated in this Agreement, the right to terminate any material agreement to which Monterra or its subsidiaries is a party or to purchase any of Monterra's or Amalco's assets; or

- (iv) which would impose restrictions on the ability of Amalco:
 - (A) to carry on any business which it might choose to carry on within any geographical area;
 - (B) to acquire property or dispose of its property and assets as an entirety;
 - (C) to pay any dividends, redeem shares or make other distributions to its shareholders;
 - (D) to borrow money or to mortgage and pledge its property as security therefor; or
 - (E) to change its corporate status;
- (p) the representations, warranties or statements of fact made in this section do not contain any untrue statement of a material fact or omit to state any material fact necessary to make any such warranty or representation not misleading to Gideon or GideonSub in seeking full information as to Monterra and its subsidiaries and their assets, liabilities and business;
- (q) the Andi-Orotierra Concessions are in good standing and, to the best of Monterra's knowledge after due inquiry, the Monterra Parties are in material compliance with each of the conditions applicable thereto and have no reason to believe that they will not continue to be in such compliance, and, to the best of Monterra's knowledge after due inquiry, the Andi-Orotierra Concessions are held free and clear of all mortgages, liens, charges, pledges, security interests, encumbrances, claims or demands of others whatsoever and for servitudes which do not and will not materially interfere with the use of such Andi-Orotierra Concessions by the Monterra Parties. The Monterra Parties have no knowledge of any claim or the basis for any claim that might or could adversely affect the right thereof to use or otherwise exploit the Andi-Orotierra Concessions, and none of the Monterra Parties has any responsibility or obligation to pay any commission, royalty, licence fee or similar payment to any Person with respect thereto except for such payments as may be required to be made to governmental authorities pursuant to Applicable Laws;
- (r) the Monterra Parties:
 - (i) and the properties, assets and operations thereof, comply in all material respects with all applicable Environmental Laws;
 - (ii) do not have any knowledge of, and have not received any notice of, any material claim, judicial or administrative proceeding, pending or threatened, against, or which may affect the Monterra Parties or the Andi-Orotierra Concessions, assets or operations thereof relating to, or alleging, any violation of any Environmental Laws. Monterra is not aware of any facts which could give

rise to any such claim or judicial or administrative proceeding and neither of the Monterra Parties nor any of the Andi-Orotierra Concessions, assets or operations thereof is the subject of any investigation, evaluation, audit or review by any Governmental Authority to determine whether any violation of any Environmental Laws has occurred or is occurring or whether any remedial action is needed in connection with a release of any Contaminant into the environment, except for compliance investigations conducted in the normal course by any Governmental Authority;

(iii) have not given or filed any notice under any national, federal, state, provincial or local law with respect to any Environmental Activity concerning the Monterra Parties or the Andi-Orotierra Concessions, the Monterra Parties do not have any liability (whether contingent or otherwise) in connection with any Environmental Activity outside of the ordinary course of business and Monterra is not aware of any notice being given under any federal, state, provincial or local law or of any liability (whether contingent or otherwise) with respect to any Environmental Activity relating to or affecting the Monterra Parties or the Andi-Orotierra Concessions, assets, business or operations thereof;

(iv) do not store any hazardous or toxic waste or substance on its properties and have not disposed of any hazardous or toxic waste, in each case in a manner contrary to any Environmental Laws, and there are no Contaminants on any of the premises at which the Monterra Parties carry on business, in each case other than in compliance with Environmental Laws; and

(v) to the knowledge of Monterra after due inquiry, are not subject to any contingent or other liability relating to the restoration or rehabilitation of land, water or any other part of the environment (except for those derived from normal exploration activities) or non-compliance with Environmental Law.

Survival of Representation and Warranties

4.3 The representations and warranties herein shall survive the performance of the Parties respective obligations hereunder and the termination of this Agreement but shall expire two years after the Effective Date.

PART 5 **AGREEMENTS**

Monterra Meeting and Information Circular

5.1 As promptly as practical following the execution of this Agreement and in compliance with Applicable Laws:

- (a) Monterra shall prepare the Information Circular and Monterra shall ensure that the Information Circular provides Monterra Shareholders with information in sufficient detail to permit them to form a reasoned judgment concerning the

matters before them, in all cases ensuring compliance in all material respects with all Applicable Laws on the date of issue thereof;

- (b) Monterra shall cause the Information Circular to be mailed to applicable Monterra Shareholders and filed with applicable regulatory authorities and other Governmental Authorities in all jurisdictions where the same are required to be mailed and filed;
- (c) Monterra shall ensure that the Information Circular includes the recommendation of the Monterra Board of Directors that the applicable Monterra Shareholders vote in favour of the Amalgamation Resolution, unless such recommendation has been withdrawn, modified or amended in accordance with the terms of this Agreement;
- (d) Monterra shall provide Gideon and its representatives with a reasonable opportunity to review and comment on the Information Circular and any other relevant documentation and shall incorporate all reasonable comments made by Gideon and its counsel and the Information Circular shall be reasonably satisfactory to Gideon before it is filed or distributed to the applicable Monterra Shareholders;
- (e) Monterra shall provide notice to Gideon of the Monterra Meeting and allow Gideon's representatives and legal counsel to attend the Monterra Meeting; and
- (f) Monterra shall conduct the Monterra Meeting in accordance with the Constatng Documents of Monterra and Applicable Law.

Qualifying Transaction

5.2 Monterra and Gideon shall:

- (a) as soon as practicable apply to the Exchange and diligently seek the approval of the Exchange for the Qualifying Transaction;
- (b) as soon as practicable deliver to the Exchange the Filing Statement as contemplated by this Agreement; and
- (c) use their reasonable commercial efforts hereof, to consummate the transactions contemplated by this Agreement as part of Gideon's "Qualifying Transaction" under the rules and policies of the Exchange.

Preparation of Filings

- 5.3 (a) Gideon and Monterra shall cooperate in the taking of all such action as may be required under the OBCA, the laws of the Republic of Panama, Applicable Canadian Securities Laws, the Exchange and other Applicable Laws in connection with the transactions contemplated by this Agreement and the Amalgamation.

- (b) Monterra shall, subject to prior review and written approval of Gideon (such approval not to be unreasonably withheld) prepare the Filing Statement (including supplements or amendments thereto). Gideon shall furnish to Monterra all information regarding Gideon as may reasonably be required to be included in the Filing Statement pursuant to Applicable Laws and Exchange Policy 2.4. Monterra and Gideon shall ensure, without limiting the generality of the foregoing, that the Filing Statement does not contain any misrepresentation or any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements contained therein not misleading in light of the circumstances in which they are provided.
- (c) Each of Gideon and Monterra shall promptly furnish to the other all information concerning it as may be required for the effectuation of the actions described in this Agreement and the provisions of this §5.3, and each covenants that no information furnished by it in connection with such actions or otherwise in connection with the consummation of the Amalgamation and the other transactions contemplated by this Agreement will contain any Misrepresentation or any untrue statement of a Material Fact or omit to state a Material Fact required to be stated in any such document or necessary in order to make any information so furnished for use in any such document not misleading in the light of the circumstances in which it is furnished.

Private Placements

5.4 The Parties agree and acknowledge that, prior to the Effective Time, Monterra shall complete a brokered private placement (the “**Brokered Private Placement**”) pursuant to which Monterra may issue a minimum of 14,285,714 and a maximum of 28,571,429 subscription receipts (“**Subscription Receipts**”) at a price of \$0.35 per Subscription Receipt, for gross proceeds of a minimum of \$5,000,000 and a maximum of \$10,000,000, as applicable. Each Subscription Receipt shall, on the Effective Date, be automatically exchanged for no additional consideration for one Gideon Share and one-half common share purchase warrant Gideon, with each whole common share purchase warrant entitling the holder to acquire one Gideon Share for a period of 24 months from the date of issuance at an exercise price equal to \$0.45 for the first twelve months therefrom and an exercise price equal to \$0.55 thereafter.

5.5 The Parties agree and acknowledge that, prior to the Effective Time, Monterra shall complete a non-brokered private placement (the “**Non-Brokered Private Placement**”) of convertible debentures pursuant to which Monterra may issue unsecured convertible debentures (“**Debentures**”) having an aggregate principal amount of \$1,000,000 and bearing interest at 6% per annum payable semi-annually, maturing one year from the date of issuance. Each Debenture shall, on the Effective Date, be automatically converted into units of Gideon (each, a “**Debenture Unit**”) at a conversion price of \$0.20 per Debenture Unit. Each Debenture Unit shall consist of one Gideon Share and one-half common share purchase warrant of Gideon, with each whole common share purchase warrant entitling the holder to acquire on Gideon Share for a period of 24 months from the Effective Date at an exercise price equal to \$0.35 for the first twelve months therefrom and an exercise price equal to \$0.45 thereafter.

PART 6
CONDITIONS PRECEDENT

Mutual Conditions Precedent

6.1 The respective obligations of the Parties to consummate the transactions contemplated hereby, and in particular the completion of the Amalgamation, are subject to the satisfaction, on or before the Effective Date or such other time specified, of the following conditions:

- (a) the Amalgamation Resolution shall have been passed by the Monterra Shareholders;
- (b) the Amalgamation Resolution, the Articles, this Agreement and such other documents as may be required to be filed with the Registrar in accordance with the Amalgamation shall be in form and substance satisfactory to each of the Parties, acting reasonably;
- (c) the Amalgamation shall have become effective on or prior to the Outside Date;
- (d) the Exchange shall have conditionally accepted the Qualifying Transaction under the rules and policies of the Exchange;
- (e) all other consents, orders and approvals, including regulatory approvals and orders, necessary or desirable for the completion of the transactions provided for in this Agreement and the Amalgamation shall have been obtained or received from the Persons, authorities or bodies having jurisdiction in the circumstances;
- (f) this Agreement shall not have been terminated under Part 8;
- (g) the Brokered Private Placement shall have been completed; and
- (h) there shall not be in force any order or decree restraining or enjoining the consummation of the transactions contemplated by this Agreement and the Amalgamation.

The foregoing conditions are for the mutual benefit of Gideon and GideonSub on the one hand and Monterra on the other hand and may be waived, in whole or in part, jointly by the Parties at any time. If any of the foregoing conditions are not satisfied or waived on or before the Outside Date, then a Party may terminate this Agreement by written notice to the other Parties in circumstances where the failure to satisfy any such condition is not the result, directly or indirectly, of such terminating Party's breach of this Agreement.

Additional Conditions to Obligations of Gideon

6.2 The obligation of Gideon to consummate the transactions contemplated hereby, and in particular to complete the Amalgamation, is subject to the satisfaction, on or before the Effective Date or such other time specified, of the following conditions:

- (a) Monterra shall have performed, satisfied and complied with all obligations, covenants and agreements to be performed and complied with by it on or before the Effective Date pursuant to the terms of this Agreement and that, except as affected by the transactions contemplated by this Agreement, the representations and warranties of Monterra made in this Agreement shall be true and correct in all material respects as at the Effective Date;
- (b) Monterra shall have furnished Gideon with:
 - (i) certified copies of the resolutions duly passed by the board of directors of Monterra approving this Agreement and the consummation of the transactions contemplated hereby;
 - (ii) certified copies of the resolutions of Monterra Shareholders, duly passed at the Monterra Meeting, approving the Amalgamation Resolution;
 - (iii) a certificate of good standing of Monterra and each of its subsidiaries dated within three days of the Effective Date;
 - (iv) a legal opinion, as is customarily provided in transactions similar to the Amalgamation and which will include, without limitation, a title opinion of the assets of Monterra and its subsidiaries, from legal counsel for Monterra and each of its subsidiaries dated the Effective Date and in a form satisfactory to Gideon and its counsel, acting reasonably;
 - (v) a certificate of Monterra addressed to Gideon and dated the Effective Date, signed on behalf of Monterra by a senior officer of Monterra, confirming that the condition in §6.2(a) has been satisfied;
 - (vi) an indemnity agreement, in form and substance satisfactory to each of Monterra and Gideon, acting reasonably, pursuant to which each of Monterra and Gideon shall agree, subject to the completion of the Amalgamation, to indemnify and hold harmless, to the extent permitted under the Constating Documents of Gideon and indemnification agreements, if any, in existence on the date of this Agreement, each of the current directors and officers of Gideon and GideonSub against any costs or expenses (including reasonable attorneys' fees), judgments, fines, losses, claims, damages or liabilities incurred in connection with any claim, action, suit, proceeding or investigation, whether civil, criminal, administrative or investigative, arising out of or pertaining to matters existing or occurring at or prior to the Effective Time, including the transactions contemplated hereby; and
 - (vii) a resignation and mutual release agreement, in form and substance satisfactory to each of Monterra and Gideon, acting reasonably, between Gideon and each of the current directors and officers of Gideon and GideonSub, other than Martin Doane, to reflect their mutual undertakings,

promises, and agreements arising from the resignation of each such director and officer;

- (c) no act, action, suit, proceeding, objection or opposition shall have been taken against or affecting Monterra and its subsidiaries before or by any domestic or foreign court, tribunal or Governmental Agency or other regulatory or administrative agency or commission by any elected or appointed public official or private person in Canada or elsewhere, whether or not having the force of law and no law, regulation, policy, judgment, decision, order, ruling or directive (whether or not having the force of law) shall have been enacted, promulgated, amended or applied, which in the sole judgment of Gideon, acting reasonably, in either case has had or, if the Amalgamation was consummated, would result in a Material Adverse Change respecting Monterra and its subsidiaries or would materially impede the ability of the Parties to complete the Amalgamation; and
- (d) there shall not have occurred any Material Adverse Change of a Monterra Party.

The conditions in this §6.2 are for the exclusive benefit of Gideon and may be asserted by Gideon regardless of the circumstances or may be waived by Gideon in its sole discretion, in whole or in part, at any time and from time to time without prejudice to any other rights which of Gideon may have.

Additional Conditions to Obligations of Monterra

6.3 The obligations of Monterra to consummate the transactions contemplated hereby, and in particular to complete the Amalgamation, is subject to the satisfaction, on or before the Effective Date or such other time specified, of the following conditions:

- (a) the Gideon Parties shall have performed, satisfied and complied with all obligations, covenants and agreements to be performed and complied with by them on or before the Effective Date pursuant to the terms of this Agreement and that, except as affected by the transactions contemplated by this Agreement, the representations and warranties of the Gideon Parties made in this Agreement shall be true and correct in all material respects as at the Effective Date;
- (b) Gideon shall have furnished Monterra with;
 - (i) certified copies of the resolutions duly passed by the Gideon Board of Directors and GideonSub Board of Directors approving this Agreement and the consummation of the transactions contemplated hereby;
 - (ii) certified copies of the resolutions of Gideon, as the sole shareholder of GideonSub, approving the Amalgamation;
 - (iii) a certificate of good standing of Gideon dated within three days of the Effective Date;

- (iv) a legal opinion, as is customarily provided in transactions similar to the Amalgamation, from legal counsel for Gideon dated the Effective Date and in a form satisfactory to Monterra and its counsel, acting reasonably; and
- (v) a certificate of Gideon addressed to Monterra and dated the Effective Date, signed on behalf of Gideon by a senior officer of Gideon, confirming that the condition in §6.3(a) has been satisfied;
- (c) there shall not have occurred any Material Adverse Change of Gideon or GideonSub;
- (d) Gideon shall maintain its current listing on the Exchange;
- (e) the Gideon Shares to be issued pursuant to this Agreement and the certificates representing such securities will have been approved by all necessary corporate action to permit such securities to be issued, if applicable, as fully paid and non-assessable and will be exempt from the registration and prospectus requirements of applicable securities laws in which holders of Monterra Shares are resident;
- (f) no act, action, suit, proceeding, objection or opposition shall have been taken against or affecting Gideon before or by any domestic or foreign court, tribunal or Governmental Agency or other regulatory or administrative agency or commission by any elected or appointed public official or private person in Canada or elsewhere, whether or not having the force of law and no law, regulation, policy, judgment, decision, order, ruling or directive (whether or not having the force of law) shall have been enacted, promulgated, amended or applied, which in the sole judgment of Monterra, acting reasonably, in either case has had or, if the Amalgamation was consummated, would result in a Material Adverse Change respecting Gideon or would materially impede the ability of the Parties to complete the Amalgamation; and
- (g) at the time of the closing of the Amalgamation, each of the current directors and officers of Gideon and GideonSub, other than Martin Doane, as at the date hereof shall have provided their resignations in form and substance satisfactory to Monterra, acting reasonably.

The conditions in this §6.3 are for the exclusive benefit of Monterra and may be asserted by Monterra regardless of the circumstances or may be waived by Monterra in its sole discretion, in whole or in part, at any time and from time to time without prejudice to any other rights which Monterra may have.

Notice and Effect of Failure to Comply with Conditions

6.4 Each of Gideon and Monterra shall give prompt notice to the other of the occurrence, or failure to occur, at any time from the date hereof to the Effective Date of any event or state of facts which occurrence or failure would, or would be likely to: (i) cause any of the representations or warranties of such Party contained herein to be untrue or inaccurate in any

material respect; or (ii) result in the failure to comply with or satisfy any covenant, condition or agreement to be complied with or satisfied by any Party hereunder; provided, however, that no such notification will affect the representations or warranties of the Parties or the conditions to the obligations of the Parties hereunder.

Satisfaction of Conditions

6.5 The conditions set out in this Part 6 are conclusively deemed to have been satisfied, waived or released when, with the agreement of the Parties, the Amalgamation Resolution, the Articles, this Agreement and such other documents as may be required to give effect to the Amalgamation are filed with the Registrar.

PART 7 **AMENDMENT**

Amendment

7.1 This Agreement may at any time and from time to time before or after the holding of the Monterra Meeting be amended by written agreement of the Parties hereto without, subject to Applicable Laws, further notice to or authorization on the part of their respective securityholders and any such amendment may, without limitation:

- (a) change the time for performance of any of the obligations or acts of the Parties;
- (b) waive any inaccuracies or modify any representation or warranty contained herein or in any document delivered pursuant hereto;
- (c) waive compliance with or modify any of the covenants herein contained and waive or modify performance of any of the obligations of the Parties; or
- (d) waive compliance with or modify any other conditions precedent contained herein;

provided that, if the condition contemplated in Section 6.1(a) has already been satisfied, no such amendment reduces or materially adversely affects the consideration to be received by Monterra Shareholders without approval by the affected Monterra Shareholders given in the same manner as required for the approval of the Amalgamation.

PART 8 **TERMINATION**

Termination

- 8.1 (a) This Agreement may be terminated at any time prior to the Effective Date in each of the following circumstances:
- (i) an agreement to terminate is executed and delivered by all the Parties;

- (ii) the failure to satisfy a particular condition precedent as provided in Part 6;
or
 - (iii) the Transaction has not been completed by the Outside Date.
- (b) If this Agreement is terminated in accordance with the foregoing provisions of this §8.1, this Agreement shall forthwith become void and no Party shall have any liability or further obligation to the other Parties hereunder except for each Party's obligations under §9.6 and §9.7 hereunder, which shall survive such termination, and provided that neither the termination of this Agreement nor anything contained in this §8.1(b) shall relieve any Party from any liability for any breach by it of this Agreement, including from any inaccuracy in any of its representations and warranties and any non-performance by it of its covenants made herein, prior to the date of such termination.

PART 9 **GENERAL**

Notices

9.1 All notices that may be or are required to be given pursuant to any provision of this Agreement are to be given or made in writing and served personally, delivered by courier or sent by facsimile transmission:

- (a) in the case of Gideon or GideonSub, to:

Gideon Capital Corp.
36 Lombard Street, Suite 700
Toronto, ON
Canada M5C 2X3
Attention: Martin Doane, Chief Executive Officer;

with a copy to:

Garfinkle Biderman LLP
Suite 801, Dundee Place
1 Adelaide Street East
Toronto, Ontario M5C 2V9
Attention: Robbie Grossman
Fax: (416) 869-0547; and

- (b) in the case of Monterra, to:

Monterra S.A.
Tower 52, 150 East 52nd Street, 21st Floor
New York, NY

U.S.A 10022
Attention: Ian Harris, President and Chief Executive Officer;

with a copy to:

McMillan LLP
PO Box 11117, Royal Centre
Suite 1500, 1055 West Georgia Street
Vancouver, British Columbia, Canada, V6E 4N7
Attention: Roderick Kirkham
Fax: (604) 893-7614;

or such other address as the Parties may, from time to time, advise the other Parties hereto by notice in writing. The date or time of receipt of any such notice will be deemed to be the date of delivery or the time such facsimile transmission is received.

Binding Effect

9.2 This Agreement shall be binding upon and enure to the benefit of the Parties hereto and their respective successors and permitted assigns.

Assignment

9.3 Neither this Agreement nor any of the rights, interests or obligations hereunder shall be assigned by any of the Parties hereto without the prior written consent of the other Parties hereto.

Entire Agreement

9.4 This Agreement, together with the agreements and documents referred to herein, constitute the entire agreement among the Parties pertaining to the subject matter hereof and supersede all prior agreements, understandings, negotiations and discussions, whether oral or written, among the Parties with respect to the subject matter hereof.

Public Communications

9.5 Each of Gideon and Monterra agree to consult with each other prior to issuing any press releases or otherwise making public statements with respect to this Agreement or the Amalgamation or making any filing with any Governmental Authority with respect thereto. Without limiting the generality of the foregoing, no Party shall issue any press release regarding the Amalgamation, this Agreement or any transaction relating to this Agreement without first providing a draft of such press release to the other Party and reasonable opportunity for comment; provided, however, that the foregoing shall be subject to each Party's overriding obligation to make any such disclosure required in accordance with Applicable Laws. If such disclosure is required and the other Party has not reviewed or commented on the disclosure, the Party making such disclosure shall use all commercially reasonable efforts to give prior oral or written notice to the other Party, and if such prior notice is not possible, to give such notice promptly following such disclosure.

Costs

9.6 All fees, costs and expenses incurred in connection with this Agreement and the transactions contemplated hereby shall be paid by the Party incurring such cost or expense, whether or not the Amalgamation is completed.

Confidentiality

- 9.7 (a) The Parties acknowledge that each will be providing to the other information that is non-public, confidential, and proprietary in nature. Each of the Parties (and their respective directors, officers, affiliates, representatives, agents and employees) will keep such information confidential and will not, except as otherwise provided below, disclose such information or use such information for any purpose other than for the purposes of consummating the Amalgamation and the other transactions contemplated by this Agreement. The foregoing will not apply to information that:
- (i) becomes generally available to the public absent any breach of the foregoing;
 - (ii) was available on a non-confidential basis to a Party prior to its disclosure; or
 - (iii) becomes available on a non-confidential basis from a third party who is not bound to keep such information confidential.
- (b) The Parties agree that the obligations set forth in this §9.7 will not prevent either Party from making, after consultation with the other Party, such disclosure as its counsel advises is required by applicable law or the rules and the policies of the Exchange, including Exchange Policy 2.4, in order to obtain all necessary approvals for the Qualifying Transaction.
- (c) Each of the Parties agrees that immediately upon termination of this Agreement pursuant to §8.1, each Party will return to the other all confidential information.

Severability

9.8 If any one or more of the provisions or parts thereof contained in this Agreement should be or become invalid, illegal or unenforceable in any respect, the remaining provisions or parts thereof contained herein shall be and shall be conclusively deemed to be severable therefrom and the validity, legality or enforceability of such remaining provisions or parts thereof shall not in any way be affected or impaired by the severance of the provisions or parts thereof severed. Upon such determination that any term or other provision is invalid, illegal or incapable of being enforced, the Parties shall negotiate in good faith to modify this Agreement so as to effect the original intent of the Parties as closely as possible in an acceptable manner to the end that the transactions contemplated hereby are fulfilled to the fullest extent possible.

Further Assurances

9.9 Each Party hereto shall, from time to time and at all times hereafter, at the request of the other Parties hereto, but without further consideration, do all such further acts, and execute and deliver all such further documents and instruments and provide all such further assurances as may be reasonably required in order to fully perform and carry out the terms and intent hereof.

Time of Essence

9.10 Time shall be of the essence of this Agreement.

Applicable Law and Enforcement

9.11 This Agreement shall be governed, including as to validity, interpretation and effect, by the Applicable Laws of the Province of Ontario and the Applicable Laws of Canada applicable therein. The Parties hereby irrevocably submit and attorn to the non-exclusive jurisdiction of the courts of the Province of Ontario, in respect of all matters arising out of this Agreement, without prejudice to the rights of the Parties to take proceedings in any other jurisdiction. The Parties agree that irreparable damage would occur in the event that any of the provisions of this Agreement were not performed in accordance with their specific terms or were otherwise breached. It is, accordingly, agreed that the Parties shall be entitled to an injunction or injunctions to prevent breaches of this Agreement and to enforce specifically the terms and provisions hereof in any court of the Province of Ontario having jurisdiction, this being in addition to any other remedy to which they are entitled at law or in equity, subject to the provisions of this Agreement.

Waiver

9.12 Any Party may, on its own behalf only, (i) extend the time for the performance of any of the obligations or acts of the other Parties, (ii) waive compliance with the other Parties' agreements or the fulfillment of any conditions to its own obligations contained herein, or (iii) waive inaccuracies in the other Parties' representations or warranties contained herein or in any document delivered by the other Parties; provided, however, that any such extension or waiver shall be valid only if set forth in an instrument in writing signed on behalf of such Party and, unless otherwise provided in the written waiver, will be limited to the specific breach or condition waived.

Counterparts

9.13 This Agreement may be executed in counterparts and by facsimile or other means of electronic communication capable of producing a printed copy, each of which shall be deemed to be an original, and all of which together constitute one and the same instrument.

IN WITNESS WHEREOF the Parties have executed this Agreement as of the date first above written.

GIDEON CAPITAL CORP.

Per: /s/ Martin Doane
Martin Doane
Chief Executive Officer

GIDEON ACQUISITION CORP.

Per: /s/ Martin Doane
Martin Doane
President

MONTERA S.A.

Per: /s/ Ian Harris
Ian Harris
President and Chief Executive Officer

EXHIBIT "A"

FORM OF ARTICLES OF AMALCO

Refer to the materials attached hereto.

ARTICLES OF INCORPORATION OF MONTERRA PANAMA S.A..

Organized under the General Corporation Law of the Republic of Panama.

We, the undersigned, wishing to form a stock corporation pursuant to the provisions of the General Corporation Law of the Republic of Panama, Law 32 of 1927, do hereby enter into an agreement of organization of such corporation as follows:

FIRST: The name of the corporation is “Monterra Panama S.A.”

SECOND: The principal object of the corporation is to engage in the Republic of Panama or any other country, colony or foreign territory, in the purchase, sale, transfer, disposal, dealing, finance, barter, ownership, administration, giving or taking money in loan, opening and managing bank accounts in Panama or in any part of the world, giving or taking in commission, mortgage, security, lease, use, usufruct, or receivership, any kind of property, whether real or personal stocks or rights, and make and accept all kinds of deals, contracts, operations, businesses and transactions of lawful commerce. The corporation could engage also in fulfilling all the activities, contracts, operations, business or transactions allowed by Law to the corporations.

THIRD: The duration of the corporation shall be perpetual, but it may be dissolved at any time by resolution of the Shareholders' Meeting which resolution must be adopted by a majority vote of the outstanding shares.

FOURTH: The authorized capital of the Corporation is ONE HUNDRED DOLLARS (US\$100.00) legal currency of the United States of America, divided in ONE HUNDRED (100) shares with a nominal value of ONE DOLLAR (US\$1.00) each. Shares may be issued in nominative form or to bearer and the titles or stock certificates shall bear the autograph signature of the President and the Secretary or the Treasurer.

FIFTH: The Corporation will have its domicile in the city of Panama, Republic of Panama, but may establish branches and/or agencies in other parts of the Republic of Panama or abroad, as it deems convenient.

SIXTH: The stock registry required by law shall be kept in Panama or in any country in the world, as determined by the Board of Directors.

SEVENTH: The Board of Directors shall consist of no less than three (3) and no more than five (5) members, but they may be increased by a General Shareholders' Assembly.

EIGHTH: The initial Directors are: Ian Harris, Martine Doane and Robert Hodgkinson, all with address at 53rd E Street, Urbanizacion Marbella, MMG Tower, 16th Floor, Panama, Republic of Panama.

NINTH: The officers of the corporation shall be one President, one Secretary and one Treasurer, appointed by the Board of Directors. The Corporation may also have any other officers, agents or representatives determined by the Board of Directors. Any Officer may exercise more than one office.-

TENTH: The initial Officer will be Ian Harris, President, Secretary and Treasurer.

ELEVENTH: The General Shareholders' Assembly constitutes the supreme power of the corporation, but under no circumstances can they, by a majority vote, deprive the shareholders of their acquired rights nor to impose a resolution contrary to the articles of incorporation or the by-laws.

TWELFTH: The General Shareholders' Assembly can take place either in Panama or in any other country.

THIRTEENTH: The business of the corporation shall be administered and conducted by the Board of Directors. Subject to the provisions of the law and to these articles of incorporation, the Board of Directors shall have the absolute control and full management of the business of the

corporation and to that effect it may: ONE) Represent the corporation in all its negotiations with third parties, through its President or whoever acts in his place, and to do whatever may be required for the representation and defense of the properties, assets, rights and interests of the company, judicially or extrajudicially; TWO) To appoint officers, managers representatives or general or special attorneys as well as agents and mandataries of any kind, both in the Republic of Panama or in any other country; and THREE) To dispose of, assign, transfer, waive, assess, mortgage, and lease, in whole or in part, the corporation properties and rights, and post bonds. The vacancies which may occur in the Board of Directors shall be filled by a vote of the majority of the remaining Directors. The meeting of the Board of Directors can be held in the Republic of Panama or abroad, and any Director may be represented and vote through proxy or proxies in any meeting of the Board.

FOURTEENTH: No contract or any other transaction between corporation and any other corporation shall be affected or invalidated by the fact that any Director or Officer of this corporation may be a Director or Officer of such other corporation; and any Director or Officer of this corporation, individually or jointly, may be part of or be interested in any contract or transaction of this corporation.

FIFTEENTH: The Resident Agent of the corporation in the Republic of Panama shall be the law firm MORGAN & MORGAN, whose address is at 53rd E Street, Urbanizacion Marbella, MMG Tower, 16th Floor, Panama, Republic of Panama.

SIXTEENTH: Each of the subscribers to these Articles of Incorporation agrees to subscribe one (1) share.

EXHIBIT "B"

ANDI-OROTIERRA CONCESSIONS

Refer to the materials attached hereto.

ANDI-OROTIERRA CONCESSIONS

The ANDI-Orotierra Concessions consist of 12 contiguous concessions totaling 53,782 hectares (ha). The concessions are located in the Azuay, Morona Santiago and Zamora Chinchipe provinces in Ecuador, approximately 50 kilometres (km) south of Cuenca (Santa Ana de los cuatro ríos de Cuenca), Azuay Province. The concessions are centered at 726600 Easting/9631500 Northing (PSAD 56, Zone 17M) or 3o19'28''S latitude and 78o57'35''W longitude and are located on geographical map-sheets CT – NVI – D2, 3783-I, CT – NVI – A3, 3884-III, CT-NVI –B4, 3784-II, and CT – NVI – C1, 3883-IV (Figure 1; Figure 2).

Concession Name	Concession Number	Hectares	Province	Date recorded	Owner
ANDI 1	103065	4950	Azuay	9/1/2007	Nabonminas SA
ANDI 2	103066	4500	Azuay	9/1/2007	Nabonminas SA
ANDI 3	103067	4899	Azuay	9/1/2007	Nabonminas SA
ANDI 4	103068	4135	Azuay	9/1/2007	Nabonminas SA
ANDI 5	103069	4090	Azuay	9/1/2007	Nabonminas SA
ANDI 6	103070	4515	Azuay	9/4/2007	Nabonminas SA
Orotierra 1	102996	4980	Morona Santiago	10/11/2006	Terrasources Minerals SA
Orotierra 2	102997	4000	Morona Santiago	10/11/2006	Terrasources Minerals SA
Orotierra 3	501206	4300	Zamora Chinchipe	11/16/2006	Terrasources Minerals SA
Orotierra 4	501207	3900	Zamora Chinchipe	11/16/2006	Terrasources Minerals SA
Orotierra 5	501208	4653	Zamora Chinchipe	11/16/2006	Terrasources Minerals SA
Orotierra 6	501209	4950	Zamora Chinchipe	11/16/2006	Terrasources Minerals SA

Table 1. Concessions information for the ANDI-Orotierra Property, Ecuador

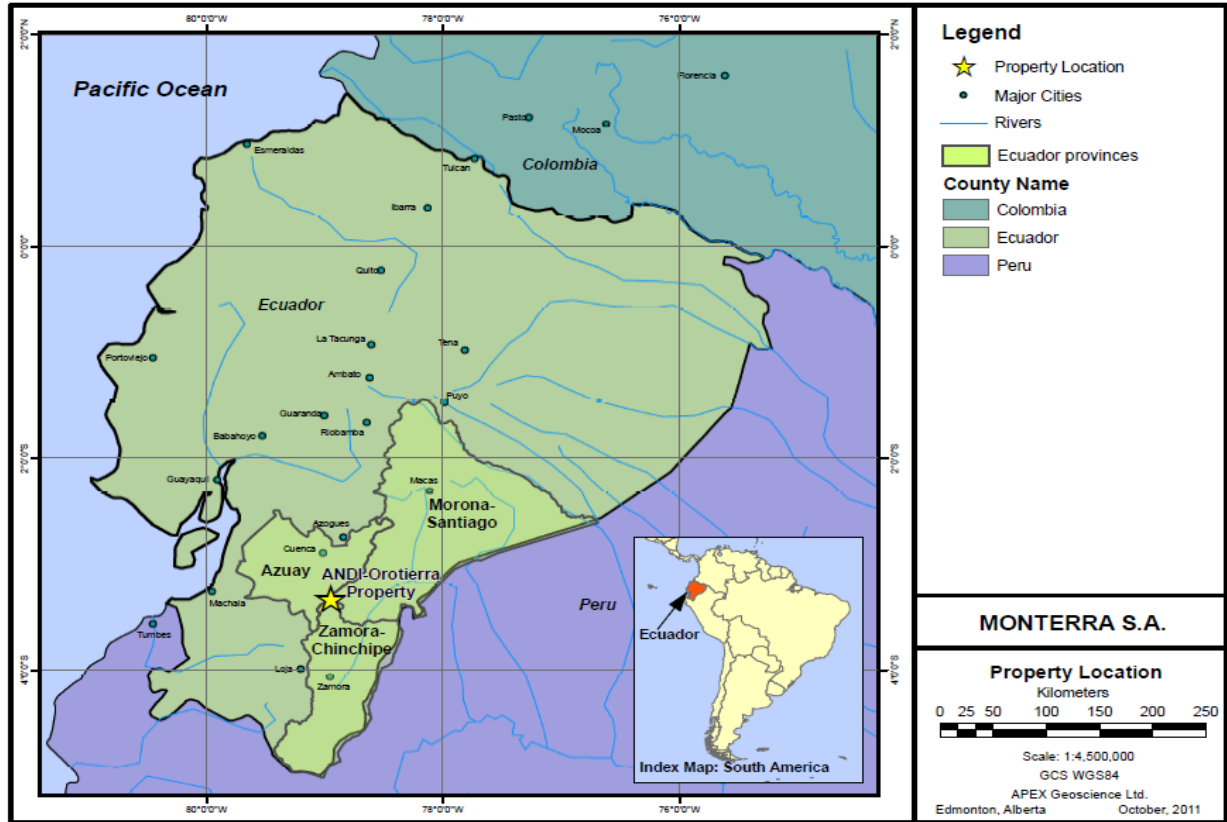


Figure 1.

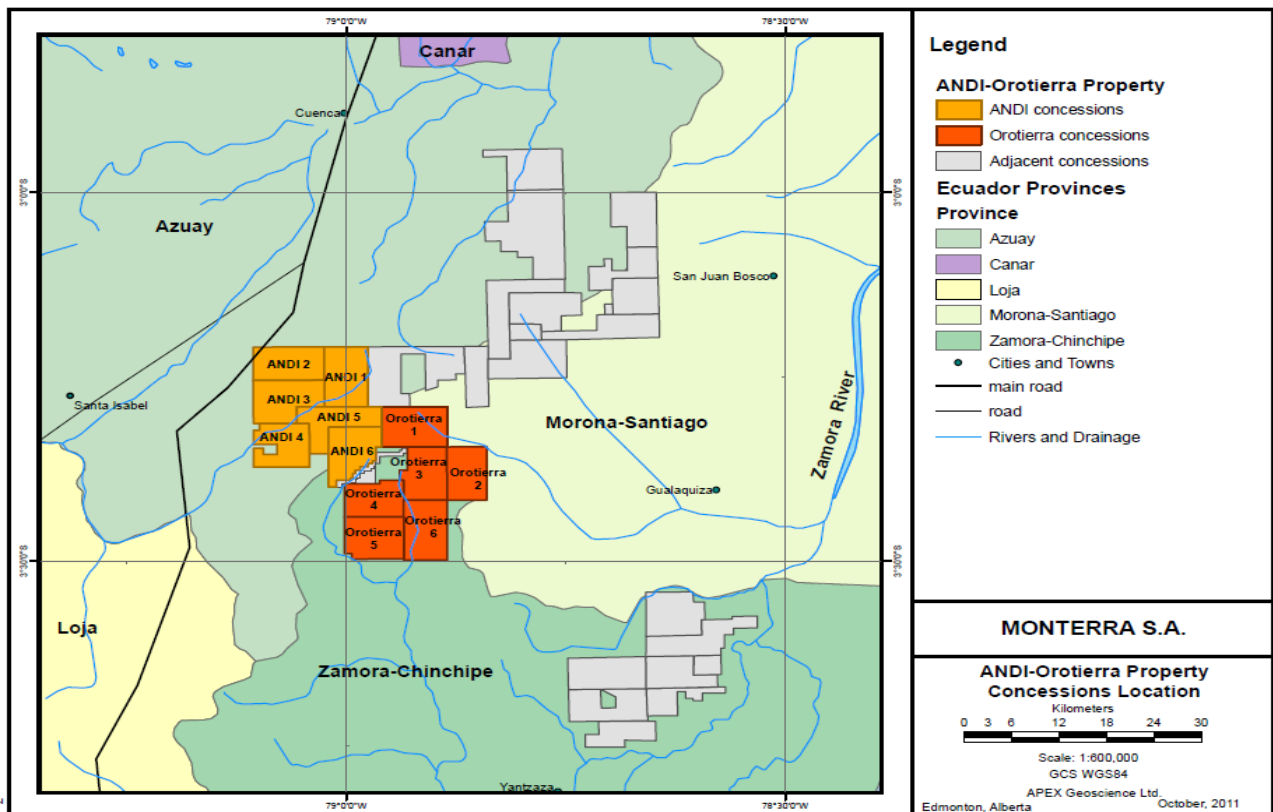


Figure 2.