GIDEON CAPITAL CORP.

FINANCIAL STATEMENTS

MARCH 31, 2012

(EXPRESSED IN CANADIAN DOLLARS)

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Schwartz Levitsky Feldman llp
CHARTERED ACCOUNTANTS
LICENSED PUBLIC ACCOUNTANTS
TORONTO, MONTREAL

INDEPENDENT AUDITORS' REPORT

To the Shareholders of
Gideon Capital Corp.

We have audited the accompanying financial statements of Gideon Capital Corp., which comprise the statement of financial position as at March 31, 2012, the statements of loss and comprehensive loss, changes in shareholders' equity, and cash flows for the period from June 15, 2011 (date of incorporation) to March 31, 2012 and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Gideon Capital Corp. as at March 31, 2012 and its financial performance and its cash flows for the period from June 15, 2011 (date of incorporation) to March 31, 2012 in accordance with International Financial Reporting Standards.

Emphasis of Matter

Without qualifying our opinion, we draw attention to note 1 of these financial statements which indicates that the Company's continuing operations as intended are dependent upon its ability to identify, evaluate and acquire an interest in a business or asset. When the Company completes its Qualifying Transaction within the required period, additional funding may be required. This condition indicates the existence of material uncertainty that may cast significant doubt about the company's ability to continue as a going concern.

"SCHWARTZ LEVITSKY FELDMAN LLP"

Toronto, Ontario
July 31, 2012

Chartered Accountants
Licensed Public Accountants

GIDEON CAPITAL CORP.
Statement of Financial Position
As at March 31, 2012
(Expressed in Canadian Dollars)

ASSETS

CURRENT		
Cash (note 5)	$	548,066
Prepaid expenses and deposits		27,260
Loan receivable (note 6)		25,000
TOTAL ASSETS		600,326

LIABILITIES

CURRENT		
Accounts payable and accrued liabilities	$	23,072
TOTAL LIABILITIES		23,072

SHAREHOLDERS' EQUITY

CAPITAL STOCK (note 7)		654,393
RESERVE FOR SHARE-BASED PAYMENTS		195,089
DEFICIT		(272,228)
TOTAL SHAREHOLDERS' EQUITY		577,254
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$	600,326

GOING CONCERN (note 1)

RELATED PARTY TRANSACTIONS (note 9)

SUBSEQUENT EVENTS (note 14)

APPROVED ON BEHALF OF THE BOARD

"MARTIN J. DOANE" Director

"RICHARD A. MELOFF" Director

The accompanying notes are an integral part of these financial statements.

GIDEON CAPITAL CORP.

Statement of Loss and Comprehensive Loss
For the period from June 15, 2011 (date of incorporation) to March 31, 2012
(Expressed in Canadian Dollars)

REVENUE	$	-
EXPENSES		
Share-based compensation		171,787
Professional fees		60,126
Office and general		40,315
		272,228
Net loss and comprehensive loss for the period	$	(272,228)
Basic and diluted loss per share	$	(0.07)
Weighted average number of shares outstanding		3,890,710

The accompanying notes are an integral part of these financial statements.

GIDEON CAPITAL CORP.

Statement of Changes in Shareholders' Equity
For the period from June 15, 2011 (date of incorporation) to March 31, 2012
(Expressed in Canadian Dollars)

	No. of shares	Share Capital	Reserve for Share-based Payments	Deficit	Total
Balance, June 15, 2011	-	$ -	$ -	$ -	$ -
Shares issued for cash	2,000,000	$ 100,000	$ -	$ -	$ 100,000
Private placement	8,000,000	$ 400,000	$ -	$ -	$ 400,000
Initial public offering	2,500,000	250,000	-	-	250,000
Issuance of stock options	-	(23,302)	195,089	-	171,787
Share issuance costs	-	(72,305)	-	-	(72,305)
Net loss and comprehensive loss for the period	-	-	-	(272,228)	(272,228)
Balance, March 31, 2012	12,500,000	$ 654,393	$ 195,089	$(272,228)	$ 577,254

The accompanying notes are an integral part of these financial statements.

GIDEON CAPITAL CORP.

Statement of Cash Flows
For the period from June 15, 2011 (date of incorporation) to March 31, 2012
(Expressed in Canadian Dollars)

CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss for the period	$	(272,228)
Add items not affecting cash:		
Share-based compensation		171,787
Change in non-cash working capital items:		
Increase in prepaid expenses and deposits		(27,260)
Increase in loan receivable		(25,000)
Increase in accounts payable and accrued liabilities		23,072
		(129,629)
CASH FLOWS FROM FINANCING ACTIVITIES		
Issuance of common shares		750,000
Share issuance costs		(72,305)
		677,695
NET INCREASE IN CASH DURING THE YEAR		548,066
Cash, beginning of year		-
CASH, END OF YEAR	$	548,066

The accompanying notes are an integral part of these financial statements.

1. NATURE OF OPERATIONS AND GOING CONCERN

Gideon Capital Corp. (the "Company") was incorporated on June 15, 2011 under the Business Corporations Act of Ontario. The Company intends to carry on business as a capital pool company ("CPC"), pursuant to policy 2.4 (the "CPC Policy") of the TSX Venture Exchange (the "Exchange"). The registered office of the Company is located at 36 Lombard St, Suite 700, Toronto, Ontario, Canada, M5C 2X3. As at March 31, 2012, the Company has not commenced commercial operations and has no assets other than cash, prepaid expenses and deposits, and a loan receivable. The Company will not carry on any business other than the identification and evaluation of assets or businesses with a view to completing a Qualifying Transaction, as defined under the policies of the TSX Venture Exchange.

The Company must complete a Qualifying Transaction, which is subject to the approval of the Exchange and, in the case of a non-arms length Qualifying Transaction, as defined in accordance with the CPC Policy, must also receive Majority of the Minority shareholders' approval. The Exchange could suspend the trading of the Company's common shares or delist these shares if the Company does not complete an approved Qualifying Transaction within 24 months from the date it was listed on the Exchange.

On March 2, 2012, the Company signed a Letter of Intent ("LOI") with Monterra S.A. ("Monterra") to do a triangular amalgamation with Monterra and a wholly owned subsidiary of the Company incorporated under the laws of the Republic of Panama. The Transaction shall constitute an arm's length Qualifying Transaction for the Company within the meaning of Policy 2.4 of the Exchange's Corporate Finance Manual and is subject to a number of conditions precedent, including a due diligence, a private placement described hereafter and the receipt of all requisite regulatory and corporate approvals, including that of the Exchange.

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") applied on a going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. The Company is newly incorporated, has no source of operating revenues and its ability to operate as a going concern in the near term will depend on its ability to raise financing and to commence profitable operations in the future. These financial statements do not give effect to adjustments, if any, that would be necessary should the Company be unable to continue as a going concern and therefore, be required to realize its assets and discharge its liabilities in other than the normal course of business and at amounts that may differ from those shown in the financial statements.

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation

(a) Statement of Compliance

These financial statements have been prepared by management using accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board and Interpretation of the International Financial Reporting Interpretations Committee with an effective date of March 31, 2012.

The financial statements were approved and authorized for issuance by the Board of Directors on July 31, 2012.

(b) Basis of Presentation

The financial statements have been prepared on the historical cost basis except for certain non-current assets and financial instruments which are measured at fair value as explained in the accounting policies set out in note 11.

Significant Accounting Policies

(c) Functional and presentation currency

These financial statements have been prepared in Canadian dollars, which is the company's functional and presentation currency.

(d) Provision

A provision is recognized when the Company has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation, and the amount of the obligation can be reliably estimated. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

A provision for onerous contracts is recognized when the expected benefits to be derived by the Company from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The Company has no material provisions as at March 31, 2012.

(e) Share capital and warrants

Common shares and warrants are classified as equity. The share capital represents the amount received upon issuance of shares. Incremental costs directly attributable to the issuance of shares or warrants are recognized as a deduction from the proceeds in equity in the period in which the transaction occurs. Proceeds from unit placements are allocated between shares and warrants issued on a pro-rata basis of their value within the unit using the Black-Scholes pricing model to determine the fair value of warrants issued.

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(f) Share-based payment transactions

The Company has a share-based compensation plan that grants stock options to employees and non-employees. This plan is an equity-settled plan. For equity-settled share-based payment transactions, the Company measures the goods and services received, and the corresponding increase in equity, directly, at the fair value of the goods or services received, unless fair value cannot be estimated reliably. If the Company cannot estimate reliably the fair value of the goods or services received, the Company measures their value, and the corresponding increase in equity, indirectly, by reference to the fair value of the equity instruments granted, using an option pricing model.

The expense is recognized over the vesting period of the options granted, and is recognized as an expense in earnings with a corresponding credit to reserve for share-based payments. At the end of each reporting period the Company re-assesses its estimate of the number of stock options expected to vest and recognizes the impact of any revisions in earnings. Any consideration paid by employees and directors on exercise of stock options is credited to capital stock combined with any related stock-based compensation expense originally recorded in contributed surplus.

(g) Qualifying transaction costs

Costs incurred with respect to the Qualifying Transaction are charged to the statement of loss and comprehensive loss.

(h) Income taxes

Income tax on the profit or loss for the year comprises of current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is provided using the asset and liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Temporary differences are not provided for goodwill not deductible for tax purposes and the initial recognition of assets or liabilities that affect neither accounting nor taxable profit. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the financial position reporting date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. To the extent that the Company does not consider it probable that a future tax asset will be recovered, it provides a valuation allowance against that excess.

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(i) Loss per Share

The Company presents basic and diluted loss per share for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted loss per share is determined by adjusting the loss attributable to common shareholders and the weighted average number of common shares outstanding for the effects of all warrants and options outstanding that may add to the total number of common shares.

(j) Financial Instruments

Financial assets and liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

All financial assets are initially recorded at fair value and designated upon inception into one of the following four categories: held for maturity, available for sale, loans and receivables or at fair value through profit and loss ("FVTPL").

FVTPL are measured at fair value with unrealized gain and losses recognized through profit and loss. Cash is classified as fair value through profit and loss.

Financial asset classified as held to maturity and loans and receivable are measured at amortized cost using the effective interest rate method.

Financial assets classified as available for sale and measured at fair value with unrealized gains and losses recognized in other comprehensive income (loss), except for equity instruments without a quoted market price in an active market and whose fair value cannot be reliably measured, which are measured at cost.

Financial liabilities within the scope of IAS 39 are classified as financial liabilities at fair value through profit or loss, or other financial liabilities, as appropriate.

Financial liabilities classified as other financial liabilities are measured at amortized cost. Accounts payable and accrued liabilities are classified as other financial liabilities.

Financial liabilities classified as FVTPL are measured at fair value with unrealized gains and losses recognized through profit and loss. At March 31, 2012 the Company has not classified any financial liabilities as FVTPL.

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(j) Financial Instruments (cont'd)

Financial Instruments recorded at Fair Value

Financial instruments recorded at fair value are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:
Level 1 - valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities.
Level 2 - valuation techniques based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
Level 3 - valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Cash and loan receivable are classified as level 1.

Accounts payable and accrued liabilities are classified as level 3.

(k) Significant Accounting Judgments and Estimates

The preparation of these financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. These financial statements include estimates that, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Significant assumptions about the future that management has made that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

- the inputs used in the Black-Scholes valuation model (volatility; interest rate; expected life and forfeiture rate) in accounting for share-based payment transactions;
- the valuation allowance of income tax accounts; and
- accrued liabilities.

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(l) Future Accounting Pronouncements

(i) International Financial Reporting Standard 9, Financial Instruments ("IFRS 9")

IFRS 9 was issued in November 2009 and contained requirements for financial assets. This standard addresses classification and measurement of financial assets and replaces the multiple category and measurement models in IAS 39 for debt instruments with a new mixed measurement model having only two categories; amortized cost and fair value through profit or loss. IFRS 9 also replaces the models for measuring equity instruments, and such instruments are either recognized at fair value through profit or loss or at fair value through other comprehensive income. Where such equity instruments are measured at fair value through other comprehensive income, dividends are recognized in profit or loss to the extent not clearly representing a return of investment; however, other gains and losses (including impairments) associated with such instruments remain in comprehensive income indefinitely.

Requirements for financial liabilities were added in October 2010 and they largely carried forward existing requirements in IAS 39, Financial Instruments – recognition and Measurement, except that fair value changes due to credit risk for liabilities designated at fair value through profit and loss would generally be recorded in other comprehensive income. This standard is effective as of April 1, 2015 but early adoption is permitted. The extent of impact has not yet been determined.

(ii) Amendments to IFRS 7 Financial Instruments: Disclosures

Increase in disclosure with regards to the transfer of financial assets, especially if there is a disproportionate amount of transfer transactions that take place around the end of a reporting period.

The Company has not applied the new and revised standards in preparing these financial statements. None of these are expected to have a significant effect on the financial statements of the Company, except for IFRS 9, which becomes mandatory as of April 1, 2013 and is expected to impact classification and measurement of financial assets. The extent of the impact has not yet been determined.

(iii) IFRS 10 Consolidated Financial Statements

IFRS 10, Consolidated Financial Statements, requires an entity to consolidate an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Under existing IFRS, consolidation is required when an entity has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. IFRS 10 replaces SIC-12 Consolidation - Special Purpose Entities and parts of IAS 27, Consolidated and Separate Financial Statements. The standard is effective as of April 1, 2013.

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(l) Future Accounting Pronouncements (cont'd)

(iv) IFRS 11 Joint Arrangements

In May 2011, the IASB issued IFRS 11 Joint Arrangements. IFRS 11 supersedes IAS 31 Interests in Joint Ventures, and SIC-13 Jointly Controlled Entities – Nonmonetary Contributions by Venturers. IFRS 11 focuses on the rights and obligations of the arrangement rather than its legal form. The standard requires a venturer to classify its interest in a joint arrangement as a joint venture or joint operation. Joint ventures will be accounted for using the equity method of accounting whereas for a joint operation, the venturer will recognize its share of the assets, liabilities, revenue and expenses of the joint operation. Under IFRS 11, entities no longer have a choice to proportionately consolidate or equity account for interests in joint ventures. Upon application of IFRS 11, entities which had previously accounted for joint ventures using proportionate consolidation shall collapse the proportionately consolidated net asset value (including any allocation of goodwill) into a single investment balance at the beginning of the earliest period presented. The investment's opening balance is tested for impairment in accordance with IAS 28 Investment in Associates and Joint Ventures and IAS 36 Impairment of Assets. Any impairment losses are recognized as an adjustment to opening retained earnings at the beginning of the earliest period presented. The standard is effective as of April 1, 2013. The Company does not expect the adoption of IFRS 11 to have a significant impact on its financial statements.

(v) IFRS 12 Disclosure of Interest in Other Entities

IFRS 12, Disclosure of Interest in Other Entities, establishes minimum disclosure requirements for interest in other entities. This standard combines disclosure requirements for subsidiaries, joint arrangement, associates and unconsolidated structures entities which were previously addressed through individual applicable standards. The standard is effective as of April 1, 2013.

(vi) IFRS 13 Fair Value Measurement

On May 12, 2011, the IASB has issued IFRS 13 Fair Value Measurement (IFRS 13). IFRS 13, which is to be applied prospectively, is effective for annual periods beginning on or after January 1, 2013, with earlier application permitted. IFRS 13 defines fair value, provides a framework for measuring fair value and includes disclosure requirements for fair value measurements. IFRS 13 will be applied in most cases when another IFRS requires (or permits) fair value measurement. Management has not yet determined the potential impact that the adoption of IFRS 13 will have on the Company's financial statements. The standard is effective as of April 1, 2013.

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(l) Future Accounting Pronouncements (cont'd)

(vii) IAS 1 Presentation of Financial Statements

IAS 1, Presentation of Financial Statements requires that an entity present separately the items of other comprehensive income that may be reclassified to profit or loss in the future from those that would never be reclassified to profit or loss. This amendment is applicable for annual periods beginning on or after July 1, 2012 and is to be applied retrospectively. Early adoption is permitted. The Company does not expect this amendment to have a significant impact on its financial statements.

3. CAPITAL RISK MANAGEMENT

The Company's objective when managing its capital is to ensure sufficient equity financing to fund a Qualifying Transaction in a way that maximizes the shareholders' return given the assumed risks of its operations. The Company considers shareholders' equity as capital. The Company may raise additional capital through the equity markets as additional capital is required. The Company is not subject to any externally imposed capital requirements and does not currently utilize any quantitative measures to monitor its capital.

4. CATEGORIES OF FINANCIAL INSTRUMENTS

		March 31, 2012
Financial Assets:		
Fair value through profit and loss		
Cash	$	548,066
Loans and receivables		
Loan receivable		25,000
Financial liabilities:		
Other financial liabilities		
Accounts payable and accrued liabilities	$	23,072

5. CASH RESTRICTION

The proceeds raised from the issuance of common shares under a prospectus may only be used to identify and evaluate assets or businesses for future investment, with the exception that no more than the lesser of 30% of the gross proceeds from the issuance of shares or $210,000 may be used to cover prescribed costs of issuing the common shares or administrative and general expenses of the Company. These restrictions apply until completion of a Qualifying Transaction by the Company as defined under the policies of the Exchange.

6. LOAN RECEIVABLE

Under the terms of the letter of intent signed by the Company with Monterra S.A. ("Monterra") on March 2, 2012 to complete a "Qualifying Transaction", the Company advanced a loan of $25,000 to Monterra, which will be used to preserve Monterra's assets. The loan is unsecured and bears interest at 5% per annum. The principal and accrued interest is payable on maturity on March 31, 2013. Also see note 13.

7. SHARE CAPITAL

Authorized:

The Company is authorized to issue an unlimited number of Common shares of no par value.

Issued common shares:

(i) On January 27, 2012, the Company completed its initial public offering by issuing 2,500,000 common shares at a price of $0.10 per share, for gross proceeds of $250,000. The Company paid Raymond James Ltd., the agent, $72,305 towards commissions and corporate finance services related to the initial public offering, and granted 250,000 agent's options. Also see note 8.

(ii) On October 25, 2011, the Company completed a non-brokered private placement by issuing 8,000,000 common shares at a price of $0.05 per share, for gross proceeds of $400,000.

(iii) On October 24, 2011, the company issued 2,000,000 seed shares at a price of $0.05 per common share which are subject to a CPC Escrow Agreement pursuant to the policies of the Exchange. Under the terms of the CPC Escrow Agreement, 10% of the escrowed common shares will be released from escrow upon receiving notice from the Exchange that the Company has completed a Qualifying Transaction (the "Initial Release") and an additional 15% will be released on the dates 6 months, 12 months, 18 months, 24 months, 30 months, and 36 months following the Initial Release. Shares held in escrow will be cancelled should the Company fail to complete its Qualifying Transaction or become de-listed. The seed shares will be considered contingently issuable until the Company completes a Qualifying Transaction and, accordingly, they are not considered to be outstanding shares for the purposes of loss per share calculations.

(Expressed in Canadian Dollars)

8. STOCK OPTION PLANS

(a) Movements in stock options during the period ended March 31, 2012 are as follows:

		Weighted average exercise price	No. of options
Issued and outstanding at June 15, 2011	$	-	-
Issued		0.10	1,500,000
Expired		-	-
Issued and outstanding at March 31, 2012	$	0.10	1,500,000

(b) The following is a summary of all Stock Option Plans as at March 31, 2012:

	No. of options			
Plan	Issued	Expired	Exercised	Outstanding
Directors' and officers' options (i)	1,250,000	-	-	1,250,000
Agent's options (ii)	250,000	-	-	250,000
	1,500,000	-	-	1,500,000

All options were fully vested on the dates of their grant.

(i) At the closing of the initial public offering, the Company granted a total of 1,250,000 stock options to its directors and corporate secretary to acquire a total of 1,250,000 common shares, exercisable within 10 years at a price of $0.10 per share. These options were valued at $171,787 using the Black-Scholes option pricing model with the following assumptions:

Risk free interest rate		1.94%
Expected dividend		Nil
Expected volatility		100%
Expected life		3653 days
Exercise price	$	0.10

(ii) At the closing of the initial public offering, the Company also granted 250,000 agent's options to Raymond James Ltd., exercisable within 24 months from the date of listing, to acquire a total of 250,000 common shares at a price of $0.10 per share. These options were valued at $23,302 using the Black-Scholes option pricing model with the following assumptions:

Risk free interest rate		0.99%
Expected dividend		Nil
Expected volatility		100%
Expected life		736 days
Exercise price	$	0.10

(Expressed in Canadian Dollars)

8. STOCK OPTION PLANS (cont'd)

(b) The option price model used for calculating the fair value of options requires input of highly subjective assumptions including the expected price volatility. Changes in the subjective input assumptions can materially affect the fair value estimate, and therefore the model does not necessarily provide a reliable measure of the fair value of the Company's options.

(c) Details of weighted average remaining life of the options granted and outstanding as at March 31, 2012 are as follows:

Number of options outstanding and exercisable		1,500,000
Exercise price	$	0.10
Weighted average remaining contractual life		8.24 years

The options can be exercised at any time after vesting within the exercise period in accordance with the applicable option agreement.

9. RELATED PARTY TRANSACTIONS

Transactions with related parties are incurred in the normal course of business and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

During the period ended March 31, 2012, the Company granted 1,250,000 stock options fair-valued at $171,787 using the Black-Scholes option pricing model, to its directors and corporate secretary. Also see note 8.

10. INCOME TAXES

(i) Income Tax Expense

The Company does not have any current income tax expense. The following table reconciles the expected income tax recovery at the statutory income tax rate of 25% to the amount recognized in the statement of operations:

Net loss for the period	$	(272,228)
Expected income tax recovery at statutory income tax rates		(68,057)
Share-based compensation		42,947
Share issuance costs		(3,615)
Other adjustments		162
Tax benefit of non-capital losses not recognized		28,563
Income tax expense	$	-

(Expressed in Canadian Dollars)

10. INCOME TAXES (cont'd)

(ii) Unrecognized Deferred Tax Asset

The temporary differences that give rise to the future income tax asset or future income tax liability at the substantively enacted tax rate of 26.25% are as follows:

Non-capital loss carry-forwards	$	26,366
Share issuance costs		3,796
Unrecognized deferred tax asset	$	30,162

The deferred tax asset has not been recognized in respect of these items because it is not probable that future taxable profit will be available against which the Company can utilize benefits.

(iii) Tax Losses

As at March 31, 2012, the Company had non-capital losses of approximately $114,254 which are available to reduce future taxable income. These losses expire in 2032 to the extent unutilized. The future benefit of these losses has not been recognized in these financial statements.

11. FINANCIAL INSTRUMENTS AND RISK FACTORS

The Company's financial instruments consist of cash, loan receivable and accounts payable and accrued liabilities. The Company's financial risk exposure and the impact of the Company's financial instruments are summarized below:

Credit risk

All of the Company's cash is held at one financial institution which is a Canadian Chartered Bank in which Management believes that the risk of loss is minimal but the Company is subject to concentration of credit risk.

Liquidity risk

The Company does not have any borrowings nor does it have any capacity to borrow funds. The liquidity risk of the Company is that it may not have sufficient funds to meet financial obligations as they fall due. However, as at March 31, 2012, the Company had working capital of $577,254. As a result, the Company is not exposed to any liquidity risk, and has sufficient funds to meet its ongoing obligations and meet its objective of completing a Qualifying Transaction.

(Expressed in Canadian Dollars)

11. FINANCIAL INSTRUMENT AND RISK FACTORS (cont'd)

Interest rate risk

It is management's opinion that the Company is not exposed to significant interest risk arising from these financial instruments.

Fair value

Fair value of financial instruments is as follows as at March 31, 2012:

	Book value	Fair value
Cash	$ 548,066	$ 548,066
Loan receivable	25,000	25,000
Accounts payable and accrued liabilities	23,072	23,072

The estimated fair value is established at the date of the statement of financial position using the relevant information on the market and other information on financial instruments.

The above financial instruments' fair value approximates their book value because of their short term maturity.

12. SEGMENTED INFORMATION

The Company operates in only one business segment, namely the pursuit of a public listing and the eventual pursuit of a Qualifying Transaction. All of the Company's assets are located in Canada.

13. PROPOSED QUALIFYING TRANSACTION

On June 1, 2012, the Company entered into the Amalgamation Agreement with Monterra pursuant to which the Company will complete a "three-cornered amalgamation" (the "Amalgamation") whereby the Company will acquire all of the issued and outstanding common shares of Monterra (each, a "Monterra Share"). The Amalgamation, when completed, will constitute the Company's "Qualifying Transaction" pursuant to Policy 2.4.

Pursuant to the Amalgamation Agreement, the Company has incorporated a wholly-owned subsidiary, Gideon Acquisition Corp., under the laws of the Republic of Panama, which will amalgamate with Monterra to form an amalgamated entity ("Amalco"), and all of the shareholders of Monterra will exchange all their Monterra Shares for common shares of the Company (each, a "Gideon Share") on a one-for-one basis. Upon completion of the Amalgamation, Amalco will be a wholly-owned subsidiary of the Company.

In accordance with the terms and conditions of the Amalgamation Agreement, it is anticipated that the Company will issue approximately 75,000,000 Gideon Shares in exchange for all of the issued and outstanding Monterra Shares. At the effective time of the Amalgamation, each share purchase option ("Monterra Option") and share purchase warrant ("Monterra Warrant") of Monterra outstanding will, without any further action on the part of the holder of such Monterra Option or

13. PROPOSED QUALIFYING TRANSACTION (cont'd)

Monterra Warrant, be replaced with a Gideon share purchase option or share purchase warrant, as the case may be, on substantially the same terms and conditions as were applicable under the particular Monterra Option or Monterra Warrant.

The Amalgamation is subject to the conditional approval of the Exchange and all other applicable regulatory approvals. The completion of the Amalgamation is also subject to additional conditions precedent, including, among other things, shareholder approval of Monterra and the completion of a brokered private placement by Monterra (the "Monterra Private Placement") of subscription receipts (each, a "Subscription Receipt") 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, to be completed on or before the closing of the Amalgamation. Upon the satisfaction of certain release events, including, among other things, the completion or satisfaction of all conditions precedent to the Amalgamation and the receipt of shareholder and applicable regulatory approvals required for the Amalgamation, each Subscription Receipt will be deemed to be exchanged, without any further payment on the part of the holder thereof, into one unit of the Company, consisting of one Gideon Share and one-half of a common share purchase warrant of the Company (each whole warrant, a "Gideon Warrant"). Each Gideon Warrant will entitle the holder thereof to purchase one additional Gideon Share for a period of twenty-four months at an exercise price of $0.45 per Gideon Share in the first twelve months and an exercise price of $0.55 per Gideon Share in the second twelve months, subject to acceleration.

On May 1, 2012, as part of the Proposed QT, the Company granted a secured promissory note of $225,000 to Monterra that bears interest at 0.5% per month, compounded monthly. The principal and accrued interests are payable at maturity which is the earlier of May 31, 2013 or completion of the Proposed QT. The loan will be used by Monterra to cover its portion of the Proposed QT transaction costs.

The loan is secured by a pledge agreement dated May 1, 2012 made between the parties that pledge all of the issued and outstanding shares of Terrasources Minerals S.A., a wholly owned Ecuadorian subsidiary of Monterra, as security.

As at the date of this document, the Amalgamation has not been completed. Also see note 6 and 14.

14. SUBSEQUENT EVENTS

a) On May 1, 2012, as part of the Proposed QT, the Company granted a secured promissory note of $225,000 to Monterra that bears interest at 0.5% per month, compounded monthly. The principal and accrued interests are payable at maturity which is the earlier of May 31, 2013 or completion of the Proposed QT. The loan will be used by Monterra to cover its portion of the Proposed QT transaction costs.

The loan is secured by a pledge agreement dated May 1, 2012 made between the parties that pledge all of the issued and outstanding shares of Terrasources Minerals S.A., a wholly owned Ecuadorian subsidiary of Monterra, as security.

b) On June 13, 2012, the Company incorporated a wholly owned subsidiary under the laws of the Republic of Panama. This subsidiary will be used to complete the proposed Qualifying transaction through an amalgamation agreement as described in note 13.