

GIDEON CAPITAL CORP.

(a Capital Pool Company)

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE THREE AND NINE MONTHS ENDED

DECEMBER 31, 2012

Introduction

This Management's Discussion and Analysis ("MD&A") is dated March 1, 2013 unless otherwise indicated and should be read in conjunction with the unaudited condensed consolidated interim financial statements for the three and nine months ended December 31, 2012 in addition to the audited financial statements of Gideon Capital Corp. (the "**Company**") for the period from June 15, 2011 (date of incorporation) to March 31, 2012, and the related notes thereto. This MD&A was written to comply with the requirements of National Instrument 51-102 – *Continuous Disclosure Obligations*. Results are reported in Canadian dollars, unless otherwise noted. The results presented for three and nine months ended December 31, 2012, are not necessarily indicative of the results that may be expected for any future period.

The Company applies International Financial Reporting Standards ("**IFRS**") as issued by the International Accounting Standards Board ("**IASB**") and interpretations issued by the International Financial Reporting Interpretations Committee ("**IFRIC**"). These unaudited condensed consolidated interim financial statements for the three and nine months ended December 31, 2012 have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting. Accordingly, they do not include all of the information required for full annual financial statements required by IFRS as issued by IASB and interpretations issued by IFRIC.

Further information about the Company and its operations can be obtained from the offices of the Company or from www.sedar.com.

Cautionary Note Regarding Forward-Looking Information

This MD&A contains certain forward-looking information and forward-looking statements, as defined in applicable securities laws (collectively referred to herein as "forward-looking statements"). These statements relate to future events or the Company's future performance. All statements other than statements of historical fact are forward-looking statements. Often, but not always, forward-looking statements can be identified by the use of words such as "plans", "expects", "is expected", "budget", "scheduled", "estimates", "continues", "forecasts", "projects", "predicts", "intends", "anticipates" or "believes", or variations of, or the negatives of, such words and phrases, or state that certain actions, events or results "may", "could", "would", "should", "might" or "will" be taken, occur or be achieved.

Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results to differ materially from those anticipated in such forward-looking statements. The forward-looking statements in this MD&A speak only as of the date of this MD&A or as of the date specified in such statement. Specifically, this MD&A includes, but is not limited to, forward-looking statements regarding: the potential of the Company to complete a Qualifying Transaction; the ability of the Company to successfully merge its business with a potential Qualifying Transaction target company or asset, the Company's ability to meet its working capital needs at the current level for the next twelve-month period; management's outlook regarding future trends; sensitivity analysis on financial instruments, which may vary from amounts disclosed; and general business and economic conditions.

Inherent in forward-looking statements are risks, uncertainties and other factors beyond the Company's ability to predict or control. These risks, uncertainties and other factors include those risk factors listed herein and in the Company's prospectus dated December 1, 2011. Readers are cautioned that the foregoing list of factors is not exhaustive of the factors that may affect the forward-looking statements. Actual results and developments are likely to differ, and may differ materially, from those expressed or

implied by the forward-looking statements contained in this MD&A. Such statements are based on a number of assumptions that may prove to be incorrect.

Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause the Company's actual results, performance or achievements to be materially different from any of its future results, performance or achievements expressed or implied by forward-looking statements. All forward-looking statements herein are qualified by this cautionary statement. Accordingly, readers should not place undue reliance on forward-looking statements. The Company undertakes no obligation to update publicly or otherwise revise any forward-looking statements, whether as a result of new information or future events or otherwise, except as may be required by law. If the Company does update one or more forward-looking statements, no inference should be drawn that it will make additional updates with respect to those or other forward-looking statements, unless required by law.

Description of Business

The Company was incorporated as a private company by Certificate of Incorporation issued pursuant to the provisions of the *Business Corporations Act* (Ontario) on June 15, 2011. The authorized share capital of the Company consists of an unlimited number of common shares, without nominal or par value.

The Company's head office and registered and records office address is 36 Lombard Street, Suite 700, Toronto, Ontario, Canada M5C 2X3.

The Company's financial year end is March 31.

The Company is classified as a Capital Pool Company ("**CPC**") as defined in Policy 2.4 – *Capital Pool Companies* ("**Policy 2.4**") of the TSX Venture Exchange ("**Exchange**"). The Company has not commenced commercial operations and has no assets other than cash, sundry receivable, prepaid expenses and deposits, and loans 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 transaction where the Company acquires significant assets, other than cash, by way of purchase, amalgamation, merger or arrangement with another company or by other means (a "**Qualifying Transaction**"). Any proposed Qualifying Transaction must be accepted by the Exchange.

There is no assurance that the Company will identify a business or asset that warrants acquisition or participation within the time limitations permissible under the policies of the Exchange, at which time the Exchange may suspend or delist the Company's shares from trading.

The Company has not conducted commercial operations and it is focused on the identification and evaluation of businesses or assets to acquire. Until Completion of the Qualifying Transaction (as such term is defined in Policy 2.4), the Company will not carry on any business other than the identification and evaluation of businesses or assets with a view to completing a Qualifying Transaction. Except as described in the Company's prospectus dated December 1, 2011, in connection with its initial public offering (the "**Offering**") funds raised pursuant to the issuance of shares will be utilized only for the identification and evaluation of potential Qualifying Transactions and, to the extent permitted by Policy 2.4, for general and administrative expenses.

On June 1, 2012, the Company entered into an amalgamation agreement (the "**Amalgamation Agreement**") with Monterra S.A. ("**Monterra**"). The transactions contemplated in the Amalgamation Agreement, once completed, will constitute the Company's Qualifying Transaction, pursuant to Policy 2.4. For further details, please see the section entitled "Proposed Transaction", on page 5.

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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.

Discussion of Operations

As at December 31, 2012, the Company was a CPC and had no business operations. Until the completion of its Qualifying Transaction, corporate expenditures were restricted to the costs of raising equity financing, administrative costs to maintain the Company in good standing and those costs necessary to identify and evaluate and close potential Qualifying Transactions.

Selected Quarterly Information

A summary of selected information for each of the quarters presented below is as follows:

	Three Months Ended December 31, 2011	Three Months Ended September 30, 2011	Period from Incorporation (June 15, 2011) to June 30, 2011
Expenses	\$3,650	\$Nil	\$7,345
Net loss and comprehensive loss	(\$3,650)	\$Nil	(\$7,345)
Total assets	\$492,505	\$Nil	\$Nil
Net loss per share, basic and diluted	(\$0.00)	\$0.00	(\$0.00)
Cash, end of period	\$471,255	\$Nil	\$Nil

	Three Months Ended December 31, 2012	Three Months Ended September 30, 2012	Three Months Ended June 30, 2012	Three Months Ended March 31, 2012
Expenses	\$157,372	\$19,796	\$45,749	\$261,233
Net loss and comprehensive loss	(\$153,491)	(\$15,889)	(\$42,888)	(\$261,233)
Total assets	\$366,761	\$520,554	\$549,100	\$600,326
Net loss per share, basic and diluted	(\$0.01)	(\$0.00)	(\$0.00)	(\$0.03)
Cash, end of period	\$27,615	\$230,566	\$271,244	\$548,066

Three months ended December 31, 2012

The Company's net loss totaled \$153,491 for the three months ended December 31, 2012 with a basic and diluted loss per share of \$0.01. The net loss is principally related to professional fees, sundry office and bookkeeping, and transaction costs and was offset by interest income of \$3,881, \$3,788 of which is attributable to accrued interest on the Company's loans receivable.

Three months ended September 30, 2012

The Company's net loss totaled \$15,889 for the three months ended September 30, 2012 with a basic and diluted loss per share of \$0.00. The net loss is principally related to professional fees, sundry office and bookkeeping, and transaction costs and was offset by interest income of \$3,907, \$3,737 of which is attributable to accrued interest on the Company's loans receivable.

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Three months ended June 30, 2012

The Company's net loss totaled \$42,888 for the three months ended June 30, 2012 with a basic and diluted loss per share of \$0.00. The net loss is principally related to professional fees, sundry office and bookkeeping expenditures and was offset by interest income of \$2,861, \$2,567 of which is attributable to accrued interest on the Company's loans receivable.

Three months ended March 31, 2012

The Company's net loss totaled \$261,233 for the three months ended March 31, 2012 with a basic and diluted loss per share of \$0.03. The net loss is principally related to the fair value ascribed to the fourth quarter option grant and costs associated with the preparation and filing of the Company's year-end financial statements.

Three months ended December 31, 2011

The Company's net loss totaled \$3,650 for the three months ended December 31, 2011, with basic and diluted loss per share of \$0.00. The net loss is principally related to sundry office and bookkeeping expenditures.

Three months ended September 30, 2011

No activity.

Period from Incorporation (June 15, 2011) to June 30, 2011

The Company's net loss totaled \$7,345 for the period from Incorporation (June 15, 2011) to June 30, 2011, with basic and diluted loss per share of \$0.00. The net loss is principally related to sundry office and bookkeeping expenditures.

Liquidity

At December 31, 2012, the Company had working capital of \$364,986. The Company manages its capital structure and makes adjustments to it, based on available funds to the Company. Capital levels for CPCs are regulated pursuant to guidelines issued by the Exchange. These guidelines state that proceeds raised from the issuance of common shares may only be used to identify and evaluate assets or businesses for future investment, with the exception that not 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 not related to the evaluation and identification of a Qualifying Transaction. These restrictions apply until Completion of the Qualifying Transaction by the Company. Management believes the Company's working capital is sufficient for the Company to meet its ongoing obligations and meet its objective of completing a Qualifying Transaction.

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Capital Resources

The following financings have been completed by the Company:

Date	Gross Proceeds	Type of Transaction
October 24, 2011	\$100,000	Private Placement
October 25, 2011	\$400,000	Private Placement
January 27, 2012 ⁽¹⁾	\$250,000	Initial Public Offering

⁽¹⁾ On January 27, 2012 the Company completed the Offering by issuing 2,500,000 common shares at a price of \$0.10 per common share pursuant to Policy 2.4.

Off-Balance Sheet Arrangements

As of the date of this filing, the Company does not have any off-balance sheet arrangements that have, or are reasonably likely to have, a current or future effect on the results of operations or financial condition of the Company including, without limitation, such considerations as liquidity and capital resources that have not previously been discussed.

Proposed 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, Gideon 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 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 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. Notwithstanding the foregoing, Gideon and Monterra currently anticipate that the Subscription Receipts will be sold at \$0.25 per Subscription Receipt.

On May 1, 2012, as part of the Proposed Transaction, 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 Amalgamation.

The loan is secured by a pledge agreement dated May 1, 2012 made between the parties that pledge 99.98% 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.

Transaction costs associated with the Monterra transaction amounted to \$154,565 at December 31, 2012.

Related Party Transactions

There were no related party transactions for the three and nine months ended December 31, 2012 or for the period from incorporation (June 15, 2011) to December 31, 2011.

Risk Factors

An investment in the securities of the Company is highly speculative and involves numerous and significant risks. Such investment should be undertaken only by investors whose financial resources are sufficient to enable them to assume these risks and who have no need for immediate liquidity in their investment. Prospective investors should carefully consider the risk factors that have affected, and which in the future are reasonably expected to affect, the Company and its financial position. Please refer to the section entitled "Risks Factors" in the Company's management's discussion and analysis for the period ended March 31, 2012, available on SEDAR at www.sedar.com.

Future Accounting Pronouncements

There are no relevant changes in accounting standards applicable to future periods other than as disclosed in the Company's management's discussion and analysis for the period ended March 31, 2012, available on SEDAR at www.sedar.com.

Financial Instruments

The Company's financial instruments consist of cash, sundry receivable, loans 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:

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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 December 31, 2012, the Company had working capital of \$364,986. 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.

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 December 31, 2012:

	<u>Book value</u>	<u>Fair value</u>
Cash	\$ 27,615	\$ 27,615
Sundry receivable	10,862	10,862
Loans receivable	260,092	260,092
Accounts payable and accrued liabilities	1,775	1,775

Critical Accounting Estimates

The preparation of the Company's financial statements requires management to make certain estimates that affect the amounts reported in the financial statements. The accounting estimates considered to be significant include estimates of stock-based compensation.

The Company uses a Black-Scholes model to determine the fair value of options. The main factor affecting the estimates of stock-based compensation is the stock price volatility used. The Company uses historical price data and comparable entities in the estimate of future volatilities.

Subsequent Events

There are no reportable subsequent events.

Capital 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.

Additional Disclosure for Venture Issuers without Significant Revenue

	Three Months Ended December 31, 2012	Three Months Ended December 31, 2011	Nine Months Ended December 31, 2012	Period from Incorporation (June 15, 2011) to December 31, 2011
Office and general	\$19,199	\$3,650	\$45,396	\$10,995
Professional fees	\$9,141	\$Nil	\$22,956	\$Nil
Transaction costs	\$129,032	\$Nil	\$154,565	\$Nil
	\$157,372	\$3,650	\$222,917	\$10,995

Outlook

For the immediate future, the Company intends to evaluate direct or indirect acquisitions of assets to complete a Qualifying Transaction. The Company continues to monitor its spending and will amend its plans based on business opportunities that may arise in the future.

Disclosure of Outstanding Share Data

As of the date of this document, the Company had 12,500,000 issued and outstanding common shares. In addition the Company had 250,000 outstanding stock options issued to an agent exercisable for 250,000 common shares at \$0.10 per common share until February 3, 2014 and 1,250,000 stock options issued to the officers and directors of the Company exercisable for 1,250,000 common shares at \$0.10 per common share until January 27, 2022. Therefore, the Company had 14,000,000 common shares on a fully diluted basis.