

ANSUE CAPITAL CORP.
FORM 51-102F1
MANAGEMENT DISCUSSION AND ANALYSIS
For The Second Quarter Ended July 31, 2011

The following discussion and analysis of financial results should be read in conjunction with the Company's unaudited condensed interim financial statements for the three and six months ended July 31, 2011; including the notes thereto. The financial data contained in this discussion and analysis is presented in accordance with the International Financial Reporting Standards ("IFRSs"). Prior to April 30, 2011, the Company prepared its annual and interim financial statements in accordance with Canadian generally accepted accounting principles ("GAAP"), certain information contained in this discussion and analysis is presented in accordance with Canadian GAAP and has not been restated in accordance with IFRS where noted. The reporting currency is the Canadian dollar.

The following discussion and analysis provides information that management believes is relevant to the assessment and understanding of the Company's results of operations and financial conditions. Certain statements herein contain forward-looking statements relating to the operations or to the environment in which we operate, which are based on our operations, forecasts, and projections. Forward-looking statements are not guarantees of future performance. They involve risks, uncertainties and assumptions, and actual results may differ materially from those anticipated in these forward-looking statements.

This Management Discussion and Analysis is dated October 3, 2011.

Description of Business

Ansue Capital Corp. (the "Company" and "Ansue") was incorporated under the *Business Corporations Act* of British Columbia on December 3, 2009. The Company is a capital pool ("CPC") as defined by Policy 2.4 of the TSX Venture Exchange (the "Exchange" or "TSXV"). The Company's common shares are listed for trading on the TSX Venture Exchange under the trading symbol ASU.P.

The Company's principle business is the identification and evaluation of assets, properties or businesses, and once identified and evaluated to negotiate an acquisition or participation subject to receipt of the approval of the TSX Venture Exchange and, if required, shareholders' approval. Where an acquisition or participation is warranted (the "Qualifying Transaction"), additional funding may be required.

On March 1, 2011 the Company entered into a letter of intent with respect to a proposed business combination with Southern Andes Energy Inc. ("Southern Andes") which, if completed, will be the Company's Qualifying Transaction pursuant to the policies of the Exchange. In accordance with the Exchange policies, the Company's shares were halted from trading effective March 1, 2011 and would remain halted until such time as determined by the Exchange, which may not occur until the completion of a definitive agreement or if the Qualifying Transaction is abandoned. Please refer to "Performance Summary" in this Management Discussion and Analysis for further details.

Performance Summary

The Company's continued operations are dependent upon its ability to identify, evaluate and negotiate an acquisition of, a participation in or, an investment of an interest in a Qualifying Transaction within 24 months of attaining its listing on the TSX Venture Exchange. Since inception on December 3, 2009, the Company has been directing its energies towards filing its prospectus for its initial public offering ("IPO") in British Columbia and Alberta, filing application for approval of listing with the TSX Venture Exchange and identifying and evaluating an interest in a Qualifying Transaction.

The Company's final prospectus was accepted by the TSX Venture Exchange and the British Columbia and Alberta Securities Commissions on March 26, 2010. On May 19, 2010 the Company announced that it had completed its initial distribution of securities to the public. The Company's shares were listed for trading on the TSX Venture Exchange on May 21, 2010 under the trading symbol ASU.P.

On March 1, 2011 the Company entered into a letter of intent with respect to a proposed business combination with Southern Andes Energy Inc. ("Southern Andes") which, if completed, will be the Company's Qualifying Transaction pursuant to the policies of the Exchange. The purpose of the letter of intent is to outline the principle terms and conditions upon which the Company will acquire from Southern Andes a 100% interest in the assets of Caracara Silver Inc. ("Caracara") which comprise interests in silver properties located in Peru.

On April 14, 2011, the Company signed a definitive agreement (the "Definitive Agreement") with Southern Andes which provides that the Company shall acquire (the "Acquisition") all of the issued and outstanding shares of Caracara Silver Inc. and thus indirectly all of the shares of Alpaca Exploraciones SAC, as well as all of the issued and outstanding shares of Solex del Peru SAC ("Solex"). As a result of the Acquisition, Ansue will acquire all of the silver assets of Southern Andes which comprise 24,600 hectares of concessions located approximately 200 kilometres north of Juliaca, Peru. Solex currently also owns certain uranium assets located in Peru. These assets do not form a part of the Acquisition and will be transferred out of Solex to Southern Andes on a non-cash basis. The Acquisition is an arm's length transaction and upon completion thereof it is anticipated that Ansue will be a Tier 1 Mining Issuer.

As consideration for the Acquisition, Ansue has agreed to issue 100 million common shares to Southern Andes and to assume intercorporate debt owing to Southern Andes by Caracara and/or Alpaca Exploraciones SAC and/or Solex in the estimated amount of \$250,000. Ansue has also agreed to assume the obligation of Caracara to issue shares to Cybersonic Ltd. ("Cybersonic") which arose pursuant to a purchase agreement, as amended, dated September 27, 2010 further to the purchase by Caracara of a certain technical data base relating to mineral claims located in the Pilunani region of Peru. As a result of this assumption agreement, upon completion of the Acquisition, Ansue will have the obligation to issue to Cybersonic 5,676,000 pre-consolidation common shares and an additional 2,924,000 pre-consolidation common shares on the one year anniversary of the completion of the Acquisition. Caracara retains the obligation to make certain cash payments to Cybersonic aggregating US\$400,000.

Southern Andes and Caracara and Solex are at arm's length with Ansue. Effective as of March 22, 2011, both of Southern Andes and Ansue have waived their respective due diligence conditions.

In order to obtain requisite financing to carry on business going forward, Ansue intends to complete a financing (the "Financing") of common shares for a minimum amount of \$4,000,000.

On May 19, 2011, Southern Andes called a special meeting of shareholders and approved the disposition by Southern Andes of the shares of Caracara (and indirectly Alpaca) and Solex.

The Acquisition is conditional upon the receipt of all requisite and regulatory and third party consents, including without limitation, the consent of the TSX Venture Exchange, the receipt by Southern Andes of requisite shareholder approval, the completion by Ansue of the minimum portion of the Financing and Ansue having \$150,000 in net-free available cash on completion of the Acquisition. On completion of the Acquisition, the board of directors of Ansue and management of Ansue will be comprised of nominees of Southern Andes and one nominee of Ansue.

On May 31, 2011, The Company announced that it had closed its previously announced financing (the "Offering") by issuing 14,242,501 subscription receipts ("Subscription Receipts") raising gross proceeds of approximately \$6,409,125. Each Subscription Receipt will be automatically exercised without further action on the part of the holder thereof for one unit (a "Unit") of the Company. Each Unit will be comprised of one common share (each a "Unit Share") in the capital of the Company and one-half of one common share purchase warrant, on a post consolidated basis (each whole warrant, a "Warrant"). Each Warrant will entitle the holder thereof to acquire one additional common share in the capital of the Company (each a "Warrant Share") at a price of \$0.60 until May 31, 2013 (the "Expiry Date") provided that, if after the date that is four months and a day from May 31, 2011, the weighted average closing price of the common shares of Ansue, as traded on the TSXV equals or exceeds \$0.90 per common share, subject to adjustment, for any period of 20 consecutive trading days, the right to exercise the Warrants expires within 30 days after notice of such event is mailed to the warrant holder. The TSXV has conditionally approved the listing of the common shares and warrants of the Company issuable upon exchange of the Subscription Receipts. Listing is subject to the Company fulfilling all of the requirements of the TSXV.

The gross proceeds from the Offering (the "Escrowed Proceeds") are being held in escrow in accordance with the provisions of a subscription receipt agreement (the "Subscription Receipt Agreement") entered into between the Company, Bay Front and Computershare Trust Company of Canada. Upon satisfaction of the Escrow Release

On July 15, 2011, the Company held a special meeting of shareholders and approved, among other things, a consolidation of the shares of Ansue to be on a three (pre-consolidation shares) for one (post-consolidation share) basis as well as a name change of Ansue to a name selected by Southern Andes and approved by requisite regulatory authorities.

On July 28, 2011, The Company received conditional approval from the TSXV for the proposed qualifying transaction resulting from the acquisition by Ansue of the outstanding securities of Caracara Silver Inc., Alpaca Exploraciones SAC, as well as all of the outstanding shares of Solex del Peru SAC from Southern Andes (the "Acquisition"). On July 29, 2011, The Company filed a CPC Filing Statement on SEDAR in respect of the Acquisition. The Acquisition will constitute Ansue's Qualifying Transaction, as defined in Policy 2.4 of the TSXV Policy Manual. The Qualifying Transaction was expected to close in August 2011.

It is anticipated that after completion of the Acquisition and the issuance of the first tranche of shares to Cybersonic, Southern Andes will own approximately 65.5% of the issued and outstanding shares of Ansue, placees under the Financing will own approximately 28.0% of the issued and outstanding shares of Ansue, Cybersonic will own approximately 3.7% of the issued and outstanding shares and former shareholders of Ansue will own approximately 2.9% of the issued and outstanding shares of the Company. This included an agreement to issue an additional 300,000 common shares to Jescorp Capital

Inc. in connection with sourcing the Acquisition for and on behalf of The Company. The foregoing calculations were made on an undiluted basis. The Company has an additional 140,000 broker warrants outstanding at an exercise price of \$0.10 per share that expire on May 14, 2012, and an additional 400,000 stock options granted to directors and officers, that have an exercise price of \$0.10 and that expire on June 2, 2015. .

The Company and Southern Andes have fulfilled all regulatory requirements and on August 19, 2011, announced the closing of the Acquisition. For further details concerning the Acquisition, further details of Southern Andes, management and board of directors of the resulting issuer, sponsorship of the Qualifying Transaction, termination and a description of significant conditions to closing, please refer to the Company’s press releases dated March 2, 2011 to August 19, 2011 filed on www.sedar.com.

Selected Quarterly Information

The following table provides a brief summary of the Company’s financial operations for the last two quarterly periods. This information has been presented in accordance with the International Financial Reporting Standards (“IFRS”). The reporting currency is the Canadian dollar.

	Three Months Ended July 31, 2011 \$	Three Months Ended July 31, 2010 \$	Six Months Ended July 31, 2011 \$	Six Months ended July 31, 2010 \$
Interest income	28	317	545	373
Net income (loss) for the period	(47,484)	13,044	(65,995)	(15,015)
Basic and diluted earnings (loss) per share	(0.01)	(0.00)	(0.02)	(0.00)
Total assets	131,754	198,220	131,754	198,220
Total long term liabilities	-	-	-	-
Cash dividends	-	-	-	-

Summary of Quarterly Results

The following table sets out selected financial data in respect of the most recently completed quarters of the Company. The data is derived from the financial statements of the Company prepared in accordance with the International Financial Reporting Standards (“IFRS”). Previously, the Company prepared its annual and interim financial statements in accordance with Canadian generally accepted accounting principles (“GAAP”), certain information contained in this summary of quarterly results is presented in accordance with Canadian GAAP and has not been restated in accordance with IFRS where noted.

	July 31, 2011	April 30, 2011	January 31, 2011	October 31, 2010 ⁽¹⁾	July 31, 2010 ⁽¹⁾	July 31, 2010	Period from inception to January 31, 2010
	\$	\$	\$	\$	\$	\$	\$
Total Revenue (interest income)	28	517	556	505	317	56	-
Net Profit (Loss)	(45,484)	(18,511)	(35,587)	(7,422)	(13,044)	(1,971)	(1,988)
Basic and diluted (loss) per common share	(0.01)	(0.02)	(0.02)	(0.00)	(0.00)	(0.00)	(0.00)

(1) Information for the second and third quarters of 2010 is presented in accordance with Canadian GAAP and has not been restated in accordance with IFRS.

Results of Operations

Revenues

Due to the Company’s status as a CPC, there are no revenues to report from its current operations. The Company does not have any operations and will not conduct any business other than the identification and evaluation of businesses and assets for potential Qualifying Transactions including activities related to the potential consummation of the proposed Qualifying Transaction which is described herein.

Disclosure for Venture Issuers without Significant Revenue

The Company did not have significant revenue from operations since inception. The components of the Company's expenses are as follows:

		Three Months Ended July 31, 2011	Three Months Ended July 31, 2010	Six Months Ended July 31, 2011	Six Months Ended July 31, 2010
Business evaluation costs	\$	-	-	-	-
General office expenses	\$	278	5,776	452	6,826
Professional fees	\$	46,702	3,000	56,884	3,107
Transfer agent and filing fees	\$	532	4,585	9,204	5,455
	\$	47,512	13,361	66,540	15,388

During the six month period ended July 31, 2011, the Company did not incur any share issuance costs. During the year ended January 31, 2011, share issuance costs totaled \$89,473, comprising of \$18,890 in listing fees, a \$20,000 commission and \$10,000 as a corporate finance fee paid to the Company's agent in connection with the initial public offering, \$22,304 in legal fees, \$5,477 in audit fees correlating to the filing of the Company's prospectus and \$1,423 in disbursements. Additionally, during the year ended January 31, 2011, the Company recognized \$11,379 of stock- based compensation calculated on stock options granted to the Agent of its initial public offering, as share issuance costs. These expenses were incurred in relation to the preparation of the Company's prospectus for its initial public offering, listing of the Company's common shares on the TSX Venture Exchange and in connection with the initial public offering process. During the six month period ended July 31, 2011, the Company did not grant any stock options and did not recognize any stock- based compensation in this regard.

Operating Expenses

Three Months Ended July 31, 2011 and July 31, 2010

Net loss recorded by the Company for the three month period ended July 31, 2011, was \$47,484 (2010: \$13,044). Operating expenses consisted of \$532 for transfer agent and SEDAR filing fees (2010: \$4,585), \$46,702 in professional fees associated Qualifying Transaction and accounting and administrative services related to the preparation of the Company's interim financial report (2010: \$3,000) and \$278 for general office expenses (2010: \$5,776).

Interest income earned for the three month period ended July 31, 2011 was \$28 (2010: \$317).

Six Months Ended July 31, 2011 ns July 31, 2010

Net loss recorded by the Company for the six month period ended July 31, 2011, was \$66,540 (2010: \$15,388). Operating expenses consisted of \$9,204 for transfer agent and SEDAR filing fees (2010: \$5,455), \$56,884 in professional fees associated Qualifying Transaction and accounting and administrative services related to the preparation of the Company's interim financial report (2010:

\$3,107) and \$452 for general office expenses (2010: \$6,826).

Interest income earned for the six month period ended July 31, 2011 was \$545 (2010: \$373).

Operating expenses for the three and six months ended July 31, 2011 were greater as compared to the three and six months ended July 31, 2010 largely due to professional fees incurred in relation to expenses and professional fees associated with the Qualifying Transaction.

Financing Activities

During the period ended July 31, 2011, the Company announced that it had closed in escrow a financing by issuing 14,242,501 subscription receipts ("Subscription Receipts") raising gross proceeds of approximately \$6,409,125. Each Subscription Receipt will be automatically exercised without further action on the part of the holder thereof for one unit (a "Unit") of the Company. Each Unit will be comprised of one common share (each a "Unit Share") in the capital of the Company and one-half of one common share purchase warrant, on a post consolidated basis (each whole warrant, a "Warrant"). Each Warrant will entitle the holder thereof to acquire one additional common share in the capital of the Company (each a "Warrant Share") at a price of \$0.60 until May 31, 2013 (the "Expiry Date") provided that, if after the date that is four months and a day from May 31, 2011, the weighted average closing price of the common shares of Ansue, as traded on the TSXV equals or exceeds \$0.90 per common share, subject to adjustment, for any period of 20 consecutive trading days, the right to exercise the Warrants expires within 30 days after notice of such event is mailed to the warrant holder. The TSXV has conditionally approved the listing of the common shares and warrants of the Company issuable upon exchange of the Subscription Receipts. Listing is subject to the Company fulfilling all of the requirements of the TSXV.

The gross proceeds from the Offering (the "Escrowed Proceeds") are being held in escrow in accordance with the provisions of a subscription receipt agreement (the "Subscription Receipt Agreement") entered into between the Company, Bay Front and Computershare Trust Company of Canada. Upon satisfaction of the Escrow Release

During January 2010, the Company issued 2,000,000 common shares to its directors at \$0.05 per share for proceeds of \$100,000. The 2,000,000 common shares are held in escrow, subject to TSX Venture Exchange policies and will be released over a period of three years from acceptance of the Company's Qualifying Transaction.

In May 2010, the Company completed its initial public offering in British Columbia and Alberta by issuing 2,000,000 common shares at a purchase price of \$0.10 per share for gross proceeds to the Company of \$200,000. Financing costs totaled \$89,473. Mackie Research Capital Corporation acted as agent in respect of the offering and received a cash commission of \$20,000, an administration fee of \$10,000 and an option to acquire an aggregate of 200,000 common shares for a period of two years from the date of the listing of the common shares of the Company on the TSX Venture Exchange at an exercise price of \$0.10 per common share. In August 2010, 60,000 agent's options were exercised for gross proceeds to the Company of \$6,000, leaving a balance of 140,000 agent's options outstanding.

Liquidity and Capital Resources

The Company's approach to managing its liquidity is to ensure that it has sufficient resources to meet its liabilities as they come due and have sufficient working capital to fund operations for the ensuing fiscal year.

At July 31, 2011, the Company had \$131,753 in current assets and no payables and accrued liabilities for a working capital position of \$131,753 compared to a working capital position of \$179,237 at April 30, 2011 and \$197,749 at January 31, 2011. The decrease in working capital of \$47,484 in the second quarter was mainly due to regulatory expenditures relating the Qualifying Transaction.

Current assets at July 31, 2011 were represented by cash and cash equivalents of \$2,112, a short-term investment balance of \$125,000 and \$4,641 as sales tax receivable.

Six months ended July 31, 2011

Cash Flow From Operating Activities

The Company recorded a net loss for the six month period ended July 31, 2011 of \$65,995, which when adjusted by changes in working capital items totaling \$4,877, resulted in cash usage of \$70,872 in operating activities.

Six months ended July 31, 2010

Cash Flow From Operating Activities

The Company recorded a net loss for the six month period ended July 31, 2010 of \$15,015, which when adjusted by changes in working capital items totaling (\$1,508), resulted in cash usage of \$13,503 in operating activities.

Cash Flow From Financing Activities

During the six month period ended July 31, 2010, the Company raised \$200,000 in equity financing and charged \$53,593 to finance charges incurred in connection with the issuance of share capital which resulted in an increase of \$146,407 from financing activities.

Capital Stock

The authorized capital of the Company consists of an unlimited number of common shares without par value. As at July 31, 2011 and January 31, 2011, 4,060,000 common shares were issued and outstanding.

The following common shares and convertible securities were outstanding at the date of this report:

	Expiry Date	Exercise Price	Options Outstanding	Common Shares on Exercise
Common shares				4,060,000
Stock options	June 2, 2015	\$0.10	400,000	400,000
Agent's options	May 21, 2012	\$0.10	140,000	140,000

a) Escrow Shares

According to TSX Venture Exchange policies, all Seed Shares issued at a price lower than the price of the IPO shares and all securities acquired by non-arm's length parties to the Company, and all securities acquired by a Control Person will be held in escrow and will be released over a period of three years from acceptance of the Company's Qualifying Transaction. Additionally, all common shares acquired on exercise of stock options, granted to directors and officers prior to the completion of a Qualifying Transaction must also be deposited in escrow until the final exchange bulletin is issued.

As at July 31, 2011, there are 2,000,000 shares subject to the escrow provisions.

b) Stock Options

On June 2, 2010 the Company granted its three directors an aggregate of 400,000 incentive stock options. The stock options are exercisable at a price of \$0.10 per share and expire on June 2, 2015. Any common shares acquired pursuant to the exercise of the stock options prior to the completion of the Qualifying Transaction, will be deposited in escrow and will be subject to escrow until the Final Exchange Bulletin is issued.

Subsequent to July 31, 2011, the Company granted directors, officers, employees and consultants of the Company 2,900,000 incentive stock options. Each option can be exercised to acquire one common share at a price of \$0.50 per share over a five year period. The option grants remain subject to vesting restrictions of one-quarter on each of the grant date, 6 month, 12 month and 18 month anniversaries from the date of the option grant.

c) Agent Options:

Pursuant to its initial public offering, the Company granted the Agent an option to purchase an aggregate of 200,000 common shares for a period of 24 months from the date of the grant. The Agent's options have an exercise price of \$0.10 per share, vested immediately and expire May 21,

2012. In August 2010, 60,000 agent's options were exercised for gross proceeds to the Company of \$6,000, leaving a balance of 140,000 agent's options outstanding.

Risks Related To Our Business

The Company has a limited history of operation and has yet to finalize an agreement to acquire or complete a Qualifying Transaction. The Company is currently evaluating these opportunities and there is no guarantee such a transaction will be completed. External financing will be required to fund the Company's activities primarily through the issuance of common shares.

There can be no assurance that the Company will be able to obtain adequate financing. The securities of the company should be considered a highly speculative investment. The following risk factors should be given special consideration when evaluating an investment in any of the Company's securities:

- **Dilution:** There are a number of outstanding securities and agreements pursuant to which common shares of the Company may be issued in the future. This will result in further dilution to the Company's shareholders.
- **Revenues and Dividends:** The Company has no meaningful revenues and does not expect to have any meaningful revenues in the foreseeable future. In the event that the Company generates any meaningful revenues in the future, the Company intends to retain its earnings in order to finance further growth. Furthermore, the Company has not paid any dividends in the past and does not expect to pay any dividends in the future.
- **Disruption In Trading:** In the event the Company makes a public announcement of a proposed Qualifying Transaction, trading in the common shares of the Company will be halted and will remain for an indefinite period of time. Trading in the common shares of the Company may be halted at other times for other reasons, including failure by the Company to submit documents to the TSX Venture Exchange in the time periods required.

Capital Management

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to maintain its CPC status. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to identify and evaluate assets or businesses with a view to purchase, amalgamation, merger or arrangement with another Company or by other means, in compliance with the CPC Policy.

The Company is still dependent on external financing to fund its activities with respect to the identification and evaluation of assets or businesses for acquisition, the maintenance of its status as a CPC, and the acquisition, if any, of a qualifying business to complete a transition from being a CPC to being, at a minimum, a Tier 2 listed Company on the Exchange. The Company will spend its existing working capital and raise additional amounts as needed.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

There were no changes in the Company's approach to capital management during the period ended July 31, 2011.

Transactions With Related Parties

For the three month period ended July 31, 2011, the Company paid a total of \$1,000 (2010: \$2,000) to a company owned by one of its directors for accounting and administrative services and the preparation of its financial reports. For the six month period ended July 31, 2011, the Company paid a total of \$3,000 (2010: \$3,000) to a company owned by one of its directors for accounting and administrative services and the preparation of its financial reports.

Changes in Accounting Policies Including Initial Adoption

Effective January 1, 2011 Canadian publicly listed entities were required to prepare their financial statements in accordance with IFRS. As a result, the first date at which the Company has applied IFRS was February 1, 2010 (the “Transition Date”). The interim condensed financial statements for the three months ended July 31, 2011 represent our second reporting period under IFRS. Full disclosure of the Company’s accounting policies in accordance with IFRS can be found in Notes 3 and 4 to those financial statements.

Those financial statements also include reconciliations of the previously disclosed comparative periods financial statements prepared in accordance with Canadian generally accepted accounting principles to IFRS as set out in Note 12.

Future Accounting Policies

The following pronouncement from the International Accounting Standards Board (“IASB”) will become effective for future financial reporting periods and has not yet been adopted by the Company.

IFRS 9, Financial Instruments, effective for annual periods beginning on or after January 1, 2013 with transitional arrangements depending on the date of initial application. This standard is part of the IASB’s wider project to replace International Accounting Standard 39, Financial Instruments: Recognition and Measurement. This standard has not yet been endorsed by the Accounting Standards Board. The Company has not yet determined the impact of this standard on its financial statements.

Financial Risk Management

Fair value

The Company’s financial instruments consist of cash and cash equivalents and short term investment. The estimated fair values of cash and cash equivalents and short term investment approximate their respective carrying values due to the short period to maturity.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations when they become due. The Company ensures, as far as reasonably possible, it will have sufficient capital in order to meet short-term business requirements, after taking into account cash flows from operations and the

Company's holdings of cash and cash equivalents. The Company believes that these sources will be sufficient to cover the likely short-term cash requirements. The Company's cash and cash equivalents are currently invested in business accounts which are available on demand by the Group for its operations.

Interest Rate Risk

The Company invests part of the cash balance in a variable rate GIC at rate of Prime minus 1.85%. Any change to market rates result in interest rate risk. The exposure to interest rate risk, however, is limited due to the short term nature of variable rate GIC.

Foreign Exchange Risk

The Company's functional and reporting currency is the Canadian dollar. Occasional transactions may occur internationally giving rise to exposure to changes in foreign exchange rates. The currency risk is derived primarily from payments related to investing activities denominated in currencies other than the Canadian dollar. To limit the impact of fluctuations of the Canadian dollar over the foreign currencies, the Company matches, in general and when possible, the cash receipts in a foreign currency with the cash disbursements in the same foreign currency. The Company does not use derivative financial instruments to cover the variability of cash flows in foreign currencies.

Credit Risk

Credit risk is the risk of a loss in counterparty to a financial instrument fails to meet its contractual obligations. The Company's exposure to credit risk is limited to its cash and cash equivalents and short term investment. The Company limits its exposure to credit risk by holding its cash and short term investment in deposits with high credit quality Canadian financial institutions.

Evaluation of Disclosure Controls and Policies

Disclosure controls and procedures are designed to provide reasonable assurance that information required to be disclosed by the Company in reports filed with or submitted to the various securities regulators is recorded, processed, summarized and reported within the time periods specified. This information is gathered and reported to the Company's management, which includes the Chief Executive Officer (CEO) and Chief Financial Officer (CFO), so that timely decisions can be made regarding disclosure.

The Company's management, under the supervision of, and with the participation of, the CEO and CFO has designed the Company's disclosure controls and procedures. As at July 31, 2011, the CEO and CFO evaluated the design and operation of the Company's disclosure controls and procedures. Based on that evaluation, the CEO and CFO concluded that the Company's disclosure controls and procedures were effective as at July 31, 2011.

Evaluation of Internal Controls Over Financial Reporting

Designing, establishing and maintaining adequate internal control over financial reporting is the responsibility of the Company's management. Internal control over financial reporting is a process designed by, or under the supervision of management, and affected by the Board of Directors, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the Company's financial statements in accordance with IFRS.

These controls include policies and procedures that: pertain to the maintenance of records that, in reasonable detail, accurately reflect transactions pertaining to its assets, provide reasonable assurance that all transactions are recorded to permit the preparation of its financial statements in accordance with IFRS, and that expenditures are being made only in accordance with authorizations of management of the Company, and provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company's assets that could have a material effect on its financial statements.

Management is responsible for establishing and maintaining internal control over financial reporting and has designed and implemented such controls to ensure that the required objectives of these internal controls have been met. The management of the Company applied its judgment in evaluating the cost-benefit relationship to controls and procedures. The result of which was, because of the inherent limitations in all control systems, that no evaluation of the controls can provide absolute assurance that all control issues and instances of fraud, if any, have been detected.

As at July 31, 2011, the officers of the Company evaluated the design and implementation of the Company's internal control over financial reporting ("ICFR"). Based on this evaluation of the design and operating effectiveness of the Company's ICFR, the CEO and CFO concluded that the Company's ICFR was effective as at July 31, 2011.

Subsequent Events

Subsequent to the end of the period, the Company announced (i) the completion of the previously announced acquisition of the outstanding securities of Caracara Silver Inc. (a subsidiary of Southern Andes), Alpaca Exploraciones SAC as well as the outstanding shares of Solex del Peru SAC from Southern Andes (the "Transaction"); (ii) the name change of the Company from Ansue Capital Corp. to Caracara Silver Inc. pursuant to the Transaction; and (iii) the share consolidation of the Company's shares on the basis of three (3) pre-consolidation shares for one (1) post-consolidation share. The Transaction constituted the Company's "Qualifying Transaction" pursuant to Policy 2.4 – Capital Pool Companies of the TSX Venture Exchange (the "Exchange"). The Company will carry on the business of Caracara Silver Inc.

The Company confirmed that the escrow release conditions have now been and the Subscription Receipts of the previously announced private placement were automatically converted into one common share of the Company ("Caracara Share") and one-half of one common share purchase warrant (each whole warrant being a "Warrant") of the Company.

Pursuant to the Transaction, Southern Andes received an aggregate of 33,333,333 Shares as well as the settlement of \$367,604 worth of intercompany debt. The Shares issued to Southern Andes were subject to a Tier 1 Value Securities Escrow Agreement.

In connection with the Transaction, the Company announced its board of directors as follows: Nick Tintor, Robert Boaz, Stephen Coates, John Cook and Anne B. Chopra. In addition, the Company is pleased to announce the appointment of Nick Tintor as President and Chief Executive Officer, Stephen Gledhill as Chief Financial Officer and Leslie Haddow as Corporate Secretary.

On September 20, 2011, the Company's board of directors approved the grant of stock options to directors, officers, employees and consultants of the Company to acquire an aggregate of 2,900,000

common shares. Each option can be exercised to acquire one common share at a price of \$0.50 per share over a five year period. The option grants remain subject to vesting restrictions of one-quarter on each of the grant date, 6 month, 12 month and 18 month anniversaries from the date of the option grant.

Additional Information

Additional information relating to the Company can also be found on SEDAR at www.sedar.com.

Disclosure of outstanding share information

The following table sets forth information concerning the outstanding securities of the Company as at October 3, 2011:

	Number
Common shares	4,060,000
Options	400,000
Agent Options	140,000