Caracara Silver Inc.

(formerly Ansue Capital Corp.)

Unaudited Interim
Consolidated Financial Statements

As at and for the three months ended

September 30, 2011 and 2010

MANAGEMENT'S RESPONSIBILITY FOR UNAUDITED INTERIM CONSOLIDATED FINANCIAL REPORTING

The accompanying unaudited interim consolidated financial statements of Caracara Silver Inc. (formerly Ansue Capital Corp.) ("Caracara or the "Company") are the responsibility of the management and Board of Directors of the Company.

The unaudited interim consolidated financial statements (the "Financial Statements") have been prepared by management, on behalf of the Board of Directors, in accordance with the accounting policies disclosed in the notes to the unaudited interim consolidated financial statements. Where necessary, management has made informed judgments and estimates in accounting for transactions that were not complete at the statement of financial position date. In the opinion of management, the interim consolidated financial statements have been prepared within acceptable limits of materiality and are in accordance with International Accounting Standard 34 Interim Financial Reporting and IFRS 1 - First-Time Adoption of International Financial Reporting Standards using accounting policies consistent with International Financial Reporting Standards appropriate in the circumstances.

Management has established systems of internal control over the financial reporting process, which are designed to provide reasonable assurance that relevant and reliable financial information is produced.

The Board of Directors is responsible for reviewing and approving the unaudited interim consolidated financial statements together with other financial information of the Company and for ensuring that management fulfills its financial reporting responsibilities. An Audit Committee assists the Board of Directors in fulfilling this responsibility. The Audit Committee meets with management to review the financial reporting process and the unaudited interim consolidated financial statements together with other financial information of the Company. The Audit Committee reports its findings to the Board of Directors for its consideration in approving the unaudited interim consolidated financial statements together with other financial information of the Company for issuance to the shareholders.

Management recognizes its responsibility for conducting the Company's affairs in compliance with established financial standards, and applicable laws and regulations, and for maintaining proper standards of conduct for its activities.

"Nick Tintor"
President and Chief Executive Officer

"Stephen Gledhill"
Chief Financial Officer

NOTICE TO READER

The accompanying unaudited interim consolidated financial statements of the Company have been prepared by and are the responsibility of management. The unaudited interim consolidated financial statements as at and for the three months ended September 30, 2011 and 2010 have not been reviewed by the Company's auditors.

Caracara Silver Inc.

(formerly Ansue Capital Corp.)

Unaudited Interim Consolidated Statements of Financial Position

(Canadian Dollars)

As at	**September 30, 2011**	June 30, 2011	September 1, 2011 (date of incorporation)
	$	$	$
Assets		(note 4)	(note 4)
Current assets			
Cash *(note 10)*	**5,082,846**	138	-
Accounts receivable *(note11)*	**55,856**	-	-
	5,138,702	138	-
Non-current assets			
Sales tax recoverable	**-**	1,540	-
	5,138,702	1,678	-
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities *(note 12)*	**282,182**	553,352	-
Equity			
Share capital *(note 14)*	**6,117,645**	1,640,401	10
Reserve for warrants *(note 15)*	**1,954,786**	-	-
Reserve for share-based payments *(note 16)*	**319,324**	-	-
Deficit	**(3,757,538)**	(2,306,330)	(10)
Accumulated other comprehensive income	**222,303**	114,255	-
	4,856,520	(551,674)	-
	5,138,702	1,678	-

Going concern (note 2)
Commitments (note 17)
Subsequent event (note 19)

Approved by the Board on December 28, 2011:

"Robert Boaz" — Director

"*Stephen Coates"* — Director

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

Caracara Silver Inc.

(formerly Ansue Capital Corp.)

Unaudited Interim Consolidated Statements of Loss

(Canadian Dollars-except weighted average number of shares outstanding)

	3 months ended Sept. 30, 2011	Period from Sept. 1, 2010, (date of incorporation) to Sept. 30, 2010
	$	$
		(note 4)
Operating expenses		
General and administrative	**19,415**	3,120
Management fees and salaries *(note 13)*	**117,425**	-
Consulting and professional fees	**347,842**	12,079
Investor relations *(note 13)*	**15,009**	-
Shareholder and public company expenses	**40,084**	-
Exploration and evaluation expenditures *(note 17)*	**247,801**	326,662
Share-based compensation *(notes 14 and 16)*	**263,324**	-
Listing costs *(note 5)*	**384,380**	-
Net loss before other items	**(1,435,280)**	(341,861)
Interest income	**14,004**	-
Foreign exchange loss	**(29,931)**	-
Net loss	**(1,451,207)**	(341,861)
Basic and fully diluted net loss per share	**(0.775)**	(102.456)
Weighted average number of shares	**1,873,022**	3,333

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

Caracara Silver Inc.

(formerly Ansue Capital Corp.)

Unaudited Interim Consolidated Statements of Comprehensive Loss and Accumulated Other Comprehensive Income

(Canadian Dollars)

	3 months ended Sept. 30, 2011	Period from Sept. 1, 2010, (date of incorporation) to Sept. 30, 2010
	$	$
		(note 4)
Net loss	**(1,451,207)**	(341,861)
Other comprehensive income:		
Exchange gain on foreign translation	**108,048**	11,425
Comprehensive loss	**(1,343,159)**	(330,435)
Basic and fully-diluted comprehensive loss per share	**(0.717)**	(99.032)

As at	**Sept. 30, 2011**	June 30, 2011
	$	$
Balance, beginning of year or period	**114,255**	-
Other comprehensive income	**108,048**	114,255
Balance, end of year or period	**222,303**	114,255

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

Caracara Silver Inc.

(formerly Ansue Capital Corp.)

Unaudited Interim Consolidated Statements of Changes in Equity

(Canadian Dollars)

	Share Capital		Reserves				
	Number of Shares	**Amount**	**Share-based payments**	**Warrants**	**Deficit**	**Accumulated Other Comprehensive Income**	**Total**
Balance at July 1, 2010, of Ansue	**2,000,000**	**100,000**	**29,855**	**-**	**(15,015)**	-	114,840
Initial public offering at $0.10 (net of costs)	2,000,000	121,906	-	-	-	-	121,906
Issuance of agent's options	-	(11,379)	-	11,379	-	-	-
Exercise of agent's options	60,000	6,000	-	-	-	-	6,000
Fair value of exercised agent's options	-	3,414	-	(3,414)	-	-	-
Net loss for the period	-	-	-	-	(7,422)	-	(7,422)
Balance at September 30, 2010, of Ansue	**4,060,000**	**219,941**	**29,855**	**7,965**	**(22,437)**	**-**	**235,324**
Net loss for the period	**-**	-	-	-	(103,570)	-	(103,570)
Balance at June 30, 2011, of Ansue	**4,060,000**	**219,941**	**-**	**-**	**(126,007)**	**-**	**131,754**
Transactions pursuant to Corporate Merger *(note 5)*:							
Ansue 1 for 3 consolidation	(2,706,666)	-	-	-	-	-	-
Ansue recapitalization	(1,353,334)	(219,941)	(7,965)	(29,855)	126,007	-	(131,754)
Issued to Ansue shareholders	1,353,334	446,600	13,533	56,000	-	-	516,134
Issued to Southern Andes Energy Inc. shareholders	33,333,333	1,640,401	-	-	-	-	1,640,401
Caracara deficit and AOCI	-	-	-	-	(2,306,330)	114,255	(2,192,075)
Balance at August 19, 2011, post Corporate Merger *(note 5)*	**34,686,667**	**2,087,001**	**13,533**	**56,000**	**(2,306,330)**	**114,255**	**(35,541)**
Offering (net of costs) *(note 14)*	14,252,501	5,971,896	-	-	-	-	5,971,896
Fair value of issued warrants	-	(1,637,888)	1,637,888	-	-	-	-
Fair value of issue broker warrants	-	(303,365)	303,365	-	-	-	-
Share-based compensation	-	-	-	263,324	-	-	263,324
Net loss for the period	-	-	-	-	(1,066,827)	-	(1,066,827)
Other comprehensive income for period	-	-	-	-	-	108,048	108,048
Balance at September 30, 2011	**49,029,168**	**6,117,645**	**1,954,786**	**319,324**	**(3,757,537)**	**222,203**	**4,856,521**

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

Caracara Silver Inc.

(formerly Ansue Capital Corp.)

Unaudited Interim Consolidated Statements of Cash Flow

(Canadian Dollars)

	3 months ended Sept. 30, 2011	Period from Sept. 1, 2010, (date of incorporation) to Sept. 30, 2010
	$	$
		(note 4)
Operations		
Net loss	**(1,451,207)**	(341,861)
Adjustments to reconcile net loss to cash flow from operating activities:		
Share-based compensation	**263,324**	-
Unrealized foreign exchange losses	**108,048**	11,425
Listing costs *(note 5)*	**384,380**	-
Net change in non-cash working capital items:		
Accounts receivable	**(51,214)**	-
Sales tax recoverable	**1,540**	(153)
Account payable and accrued liabilities	**(271,172)**	58,397
Cash flow used in operating activities	**(1,016,301)**	(272,192)
Financing activities		
Issuance of common shares (net of issuance costs of $740,594 (2010 - $nil)	**5,971,896**	1,640,411
Cash flow provided from financing activities	**5,971,896**	1,640,411
Investment activities		
Cash acquire on corporate merger	**127,112**	-
Cash flow provided from investing activities	**127,112**	-
Increase in cash and cash equivalents	**5,082,707**	1,368,219
Cash at beginning of period	**138**	-
Cash at end of period	**5,082,845**	1,368,219
Supplemental cash flow information:		
Interest paid	-	-
Income taxes paid	-	-

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

1. General

Ansue Capital Corp. ("Ansue") was incorporated under the laws of British Columbia on December 3, 2009. Ansue was a capital pool company ("CPC") as defined by the rules of the TSX Venture Exchange ("TSXV") in Policy 2.4 of the TSXV. On July 18, 2011, Ansue announced that at the Annual Meeting of the shareholders of Ansue, all matters regarding a Qualifying Transaction with Southern Andes Energy Inc. ("Southern Andes" or "SAE") were approved including the proposed name change of Ansue to Caracara Silver Inc.

The Qualifying Transaction (pursuant to TSXV Policy 2.4) with Southern Andes provided that Ansue would acquire (the "Corporate Merger") all of the issued and outstanding shares of Caracara Silver Inc. ("CSI"), Alpaca Exploraciones SAC ("Alpaca") and Solex del Peru SAC ("Solex"), thereby acquiring all of Southern Andes' silver assets in exchange for 100,000,000 pre-Consolidation (as defined in *note 5* to these Financial Statements) common shares of Ansue. The silver assets of Southern Andes comprise 24,600 hectares of concessions located approximately 200 kilometres north of Juliaca, Peru. On August 19, 2011, Ansue and the Company announced the closing of the Corporate Merger. Upon closing, CSI's name was changed to CSI Princesa Inc. ("Princesa") and Ansue's name was changed to Caracara Silver Inc. ("Caracara" or the "Company"). Note 5 provides further details of the Corporate Merger.

The head office, principal address and registered and records office of the Company is located at 120 Adelaide Street West, Suite 2400, Toronto, Ontario, M5H 1T1.

2. Going concern

These Financial Statements have been prepared on the 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. As at September 30, 2011, the Company has not generated any revenues from operations and used $1,016,301 funds for operating activities for the 3 months ended September 30, 2011. The continued operations of the Company are dependent on its ability to generate future cash flows or obtain additional financing. Management is of the opinion that it has sufficient working capital to meet the Company's liabilities and commitments as they become due, although there is a risk that additional financing may be required but will not be available on a timely basis or on terms acceptable to the Company. These Financial Statements do not reflect any adjustments that may be necessary if the Company is unable to continue as a going concern.

The reader is also directed to review *note 8 (ii) - Financial instruments – Liquidity risk*.

3. Basis of Preparation

3.1 Statement of compliance

These interim consolidated financial statements are unaudited and have been prepared in accordance with IAS 34 '*Interim Financial* Reporting' ("IAS 34") using accounting policies consistent with the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and Interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

These IFRS interim consolidated financial statements cover part of the period of the Company's first IFRS consolidated annual financial statements for the year ending June 30, 2012. Previously, the

Company prepared its annual consolidated and interim consolidated financial statements in accordance with Canadian Generally Accepted Accounting Principles (Canadian "GAAP")

As these Financial Statements cover a portion of the Company's first set of annual consolidated financial statements, in accordance with IFRS the Company's disclosures exceeds the minimum requirements under IAS 34. The Company has elected to exceed the minimum requirements in order to present the Company's accounting policies in accordance with IFRS and the additional disclosures required under IFRS, which also highlight the changes from the Company's fiscal 2011 annual consolidated financial statements prepared in accordance with Canadian GAAP. In fiscal 2013 and beyond, the Company may not provide the same amount of disclosure in the Company's interim consolidated financial statements under IFRS as the reader will be able rely on the annual consolidated financial statements that will be prepared in accordance with IFRS.

These Financial Statements were approved by the Company's Board of Directors on December 28, 2011.

3.2 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 5. The comparative figures presented in these Financial Statements are in accordance with IFRS and have not been audited.

3.3 Adoption of new and revised standards and interpretations

The IASB issued a number of new and revised International Accounting Standards, International Financial Reporting Standards, amendments and related interpretations that are effective for the Company's financial year beginning on or after July 1, 2011. For the purpose of preparing and presenting the financial information for the relevant periods, the Company has consistently adopted all these new standards for the relevant reporting periods.

At the date of authorization of these interim consolidated financial statements, the IASB and IFRIC has issued the following new and revised Standards and Interpretations that are not yet effective for the relevant reporting periods.

- **IFRS 9 *'Financial Instruments: Classification and Measurement'*** – effective for annual periods beginning on or after January 1, 2013, with early adoption permitted, introduces new requirements for the classification and measurement of financial instruments.

- **IFRS 10 '*Consolidated Financial Statements'*** – effective for annual periods beginning on or after January 1, 2013, with early adoption permitted, establishes principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities.

- **IFRS 11 '*Joint Arrangements'*** - effective for annual periods beginning on or after January 1, 2013, with early adoption permitted, provides for a more realistic reflection of joint arrangements by focusing on the rights and obligations of the arrangement, rather than its legal form.

- **IFRS 12 '*Disclosure of Interests in Other Entities'*** - effective for annual periods beginning on or after January 1, 2013, with early adoption permitted, requires the disclosure of information that enables users of financial statements to evaluate the nature of, and risks associated with its interests in other entities and the effects of those interests on its financial position, financial performance and cash flows.

- **IFRS 13 '*Fair Value Measurement'*** - effective for annual periods beginning on or after January 1, 2013, with early adoption permitted, provides the guidance on the measurement of fair value and related disclosures through a fair value hierarchy.

The Company has not early adopted these standards, amendments and interpretations, however the Company is currently assessing what impact the application of these standards or amendments will have on the consolidated financial statements of the Company.

4. First Time Adoption of IFRS

The Company has adopted IFRS on July 1, 2011 with a transition date of September 1, 2010, the date of incorporation (also the **"Transition Date"**). Under **IFRS 1 *'First time Adoption of International Financial Reporting Standards'***, the IFRS are applied retrospectively at the transition date with all adjustments to assets and liabilities as stated under GAAP taken to retained earnings unless certain exemptions are applied.

The Company elected to take the following IFRS 1 optional exemptions:

- To apply the requirements of **IFRS 3, *Business Combinations*,** prospectively from the Transition Date;

- In accordance with **IFRS 1**, as the Company has elected to implement **IFRS 3** prospectively, it also elects to apply **AIS 27, *Consolidated and Separate Financial Statements*** prospectively;

- To apply the requirements of **IFRS 2, *Share-based payments***, only to equity instruments granted after November 7, 2002, which had not vested as of the Transition Date; and

- Retrospective application of IFRS would require the Company to determine cumulative currency translation difference in accordance with *IAS 21 – The effects of Changes in Foreign Exchange Rates* from the date a subsidiary was formed or acquired. IFRS 1 permits cumulative translation gains and losses to be reset to zero at the transition date. The Company elected to reset all cumulative translation gains and losses to zero in opening deficit at the Transition Date; and

As the Transition Date occurs during the Company's transition year (with the transition period commencing on September 1, 2010 (date of incorporation) and finishing on June 30, 2011), the Company's Consolidated Statement of Financial Position as at the Transition Date is its opening Statement of Financial Position that has not been previously reported (under Canadian GAAP or IFRS, such amounts being the same in both cases) and as such, no reconciliation has been provided.

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IFRS employs a conceptual framework that is similar to Canadian GAAP. The adoption has resulted in changes to the reported financial position, results of operations and cash flows of the Company. Presented below are reconciliations prepared by the Company to reconcile to IFRS the assets, liabilities, equity, net loss and cash flows of the Company from those reported under Canadian GAAP.

Reconciliation of assets, liabilities and equity

	As at June 30, 2011			
	GAAP	**Effect of transition to IFRS**	**IFRS**	**Notes**
Assets				
Current Assets				
Cash	138	-	138	
Accounts receivables	-	-	-	
	138	-	138	
Non-current assets				
Mineral properties and deferred expenditures	2,154,346	(2,154,346)	-	(a)
Sales tax recoverable	1,540		1,540	
	2,156,024	(2,154,346)	1,678	
Liabilities				
Current Liabilities				
Accounts payable and accrued liabilities	553,353	-	553,353	
Equity				
Share capital	1,640,401	-	1,640,401	
Reserve for share-based payments	-	-	-	
Reserve for warrants	-	-	-	
Deficit	(151,985)	(2,154,346)	(2,306,331)	(a)
Accumulated other comprehensive income	114,255	-	114,255	
	1,602,671	(2,154,346)	(551,675)	
	2,156,024	(2,154,346)	1,678	

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Reconciliation of statement of loss and comprehensive loss

	Three months ended September 30, 2010			
	GAAP	**Effect of transition to IFRS**	**IFRS**	**Notes**
Administrative Expenses				
General and administrative	3,120	-	3,120	
Management fees and salaries	-	-	-	
Consulting and professional fees	12,079		12,079	
Investor relations	-		-	
Shareholder and public company expenses	-	-	-	
Exploration and evaluation expenditures	-	326,662	326,662	(a)
Share-based compensation	-			
Net loss before other items	(15,198)	(326,662)	(341,861)	
Interest income	-	-	-	
Foreign exchange loss	-	-	-	
Net loss	(15,198)	(326,662)	(341,861)	
Exchange gain on foreign translation	-	11,425	11,425	(b)
Net comprehensive loss	(15,198)	(315,237)	(330,435)	

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Reconciliation of Cash Flows

	Three months ended June 30, 2010			
	GAAP	**Effect of transition to IFRS**	**IFRS**	**Notes**
Operations				
Net loss	(15,198)	(326,663)	(341,861)	(a)
Adjustments to reconcile net loss to cash flow from operating activities:				
Share-based compensation	-	-	-	
Unrealized foreign exchange loss	11,425	-	11,425	
Net change in non-cash operating working capital items:				
Accounts receivable	-	-	-	
Sales tax recoverable	(154)	-	(154)	
Accounts payable and accrued liabilities	58,398	-	58,398	
	54,471	(326,663)	(272,192)	
Financing				
Issuance of common shares	1,640,411	-	1,640,411	
	1,640,411	-	1,640,411	
Investing				
Expenditures on deferred exploration	(326,663)	326,663	-	(a)
	(326,663)	326,663	-	
Decrease in cash	1,368,219	-	1,368,219	
Cash at beginning of period	-	-	-	
Cash at end of period	1,368,219	-	1,368,219	

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Notes to Reconciliations

a) Acquisition, exploration and evaluation expenditures

Under Canadian GAAP – Prior to 2011, the Company used the policy to defer the cost of mineral properties and their related exploration and development costs until the properties are placed into production, sold or abandoned. These costs would be amortized over the estimated useful life of the properties following the commencement of production. Cost includes both the cash consideration as well as the fair market value of any securities issued on the acquisition of mineral properties. Properties acquired under option agreements or joint ventures, whereby payments were made at the sole discretion of the Company, were recorded in the accounts at such time as the payments are made. The proceeds from property options granted reduced the cost of the related property and any excess over cost is applied to income.

Under IFRS – Acquisition, exploration and evaluation expenditures for each property are expensed as incurred, unless such costs are expected to be recovered through successful development and exploration of the property or, alternatively, by its sale.

b) Gains and losses on foreign translation

Under Canadian GAAP – Prior to 2011, the Company expensed gains and losses from the translation of its foreign subsidiaries to foreign exchange on the consolidated statements of loss.

Under IFRS – the Company treats gains and losses from the translation of its foreign subsidiaries as temporary charges not through profit and loss but to other comprehensive income on the consolidated statements of comprehensive loss and accumulated other comprehensive income.

5. Corporate Merger

On April 13, 2011, Southern Andes and Ansue entered into a Qualifying Transaction, pursuant to which Ansue agreed to acquire from Southern Andes, by issuing 100,000,000 pre-Consolidation shares to Southern Andes (as hereinafter defined), all of the issued and outstanding shares in the capital of Caracara, Alpaca, Solex and the Southern Andes silver assets. In exchange, Ansue agreed to undertake the settlement of the intercompany debt and the acceptance of obligations (of Caracara to issue 3.0 million common shares as set forth in the agreement dated as of September 27, 2010 among Cybersonic Ltd., Caracara and Alpaca, which will, pursuant to an amendment agreement dated as of April 8, 2011, on completion of the Corporate Merger, become an obligation of Ansue to issue an aggregate of 8.6 million pre-Consolidation common shares) on behalf of Southern Andes and Caracara, respectively.

Immediately prior to the completion of the Corporate Merger, Ansue completed a 1 for 3 share consolidation (the “Consolidation”) of its capital, after which, Ansue will have 1,353,334 shares outstanding.

Based on the relative ownership percentages of the combined Company by the shareholders of Southern Andes prior to the transaction and former Ansue shareholders, and the composition of the Board of Directors of the newly-combined Company, from an accounting perspective, Caracara is considered to be the accounting acquirer and therefore the Corporate Merger has been accounted for as a reverse takeover. For financial reporting purposes, the Company is considered a continuation of Caracara, the legal subsidiary, except with regard to authorized and issued share capital, which is that of Ansue, the legal parent. Consequently, comparative amounts in these Financial Statements are those of consolidated Caracara only, which are inclusive of Caracara, Solex and Alpaca. Ansue was not considered to be an acquired business under accounting guidance as it was a CPC. Therefore, the Corporate Merger has been accounted for as a capital transaction and not a business combination. Further, under IFRS, as the transaction is not considered to be a business acquisition, *IFRS 3, Business Combination*, is not applicable, and such transactions have been accounted for pursuant to *IFRS 2, Share-based Payments*. Pursuant to *IFRS 2*, an equity-settled, share-based payment is to be measured based on the value of the goods or services received along with the corresponding increase in equity. If the value of the goods or services cannot be measured reliably, the fair value of the equity instruments given up should be used. The fair value of the Caracara equity issued has been determined as follows:

	$
1,353,334[1] common shares issued to Ansue shareholders at $0.33 per share[2] *(note 14)*	446,600
133,333[1] options issued to Ansue optionholders at $0.42 per option[3] *(note 15)*	56,000
46,667[1] broker warrants issued to Ansue brokers at $0.29 per broker warrant[3] *(note 16)*	13,533
Fair value of shares issued	**516,134**

Allocated to Ansue's net assets as follows:

	$
Cash	127,112
HST receivable	4,641
Net assets	**131,753**
Listing costs	384,380
Fair value of shares issued	**516,134**

[1] Subsequent to a 1 for 3 share Consolidation.
[2] Note 14 discloses the Black-Scholes variables used to determine the fair value of the warrants ($0.12 each) included as part of the Units that were issued at $0.45 each.
[3] Note 14 discloses the Black-Scholes variables used to determine the fair value of the options and broker warrants.

On May 31, 2011, Ansue completed a private placement (the "Offering") of 14,242,501 units (each a "Unit") for aggregate gross proceeds of $6,409,125.45. Each Unit was automatically converted for no further consideration into one Company Unit on a post-Consolidation basis immediately upon completion of the Qualifying Transaction. Note 14 discloses the assumptions and variables used in the Black-Scholes option pricing model to determine the fair value of the included 7,121,250 warrants included in the Offering. In connection with the Offering, cash costs of $437,339 were incurred. The selling group received 854,550 broker warrants valued at $303,365 (*notes 14 and 15*). Each Ansue Agent's Warrant will be exercisable until May 31, 2013, for one Ansue Unit on a post-Consolidation basis at the Offering Price.

6. Summary of Significant Accounting Policies

6.1 Basis of consolidation

The Financial Statements include the financial statements of the Company and its wholly-owned subsidiaries, Solex, Alpaca and Princesa. Control is achieved when the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated statements of loss from the effective date of acquisition or up to the effective date of disposal, as appropriate.

All inter-company transactions, balances, income and expenses are eliminated in full on consolidation.

Non-controlling interests in the net assets of consolidated subsidiaries are identified separately from the Company's equity therein. Non-controlling interests consist of the amount of those interests at the date of the original business combination and the non-controlling interests' share of changes in equity since the date of the combination. Losses applicable to the non-controlling interests in excess of their interest in the subsidiary's equity are allocated against the interests of the Company except to the extent that the non-controlling interests have a binding obligation and are able to make an additional investment to cover the losses.

6.2 Mineral properties

All acquisition and exploration costs, net of incidental revenues, are charged to operations in the period incurred until such time as it has been determined that a property has economically recoverable reserves, in which case subsequent exploration costs and the costs incurred to develop a property are capitalized into Property, plant and equipment ("PPE"). On the commencement of commercial production, depletion of each mining property will be provided on a unit-of-production basis using estimated resources as the depletion base.

6.3 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. The cost of an item of PPE consists of the purchase price, any costs directly attributable to bringing the asset to the location and condition necessary for its intended use and an initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

Depreciation is provided at rates calculated to write off the cost of PPE, less their estimated residual value, using the declining balance method or unit-of-production method over the following expected useful lives:

• Exploration equipment	20%
• Automotive equipment	30%
• Equipment	20%

An item of PPE is derecognized upon disposal, when held for sale or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on disposal of the asset, determined as the difference between the net disposal proceeds and the carrying amount of the asset, is recognized in the consolidated statement of comprehensive income.

The Company conducts an annual assessment of the residual balances, useful lives and depreciation methods being used for PPE and any changes arising from the assessment are applied by the Company prospectively.

Where an item of plant and equipment comprises major components with different useful lives, the components are accounted for as separate items of plant and equipment. Expenditures incurred to replace a component of an item of property, plant and equipment that is accounted for separately, including major inspection and overhaul expenditures are capitalized.

As of the date of these interim consolidated financial statements, the Company has no PPE.

6.4 Decommissioning, restoration and similar liabilities ("Asset retirement obligation" or "ARO")

The Company recognizes liabilities for statutory, contractual, constructive or legal obligations, including those associated with the reclamation of mineral properties and PPE, when those obligations result from the acquisition, construction, development or normal operation of the assets. Initially, a liability for an asset retirement obligation is recognized at its fair value in the period in which it is incurred. Upon initial recognition of the liability, the corresponding asset retirement obligation is added to the carrying amount of the related asset and the cost is amortized as an expense over the economic life of the asset using either the unit-of-production method or the straight-line method, as appropriate. Following the initial recognition of the asset retirement obligation, the carrying amount of the liability is increased for the passage of time and adjusted for changes to the current market-based discount rate, amount or timing of the underlying cash flows needed to settle the obligation.

As of the date of these interim consolidated financial statements, the Company has no ARO.

6.5 Share-based payments

Share-based payment transactions

Employees (including directors and senior executives) of the Company receive a portion of their remuneration in the form of share-based payment transactions, whereby employees render services as consideration for equity instruments ("equity-settled transactions").

In situations where equity instruments are issued and some or all of the goods or services received by the entity as consideration cannot be specifically identified, they are measured at fair value of the share-based payment.

Equity-settled transactions

The costs of equity-settled transactions with employees are measured by reference to the fair value at the date on which they are granted.

The costs of equity-settled transactions are recognized, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ("the vesting date"). The cumulative expense is recognized for equity-settled transactions at each reporting date until the vesting date reflects the Company's best estimate of the number of equity instruments that will ultimately vest. The profit or loss charge or credit for a period represents the movement in cumulative expense recognized as at the beginning and end of that period and the corresponding amount is represented in share option reserve.

No expense is recognized for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition, which are treated as vesting irrespective of whether or not the market condition is satisfied provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled award are modified, the minimum expense recognized is the expense as if the terms had not been modified. An additional expense is recognized for any modification that increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee as measured at the date of modification.

The dilutive effect of outstanding options is reflected as additional dilution in the computation of earnings per share.

6.6 Taxation

Income tax expense represents the sum of tax currently payable and deferred tax.

Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the date of the statement of financial position.

Deferred income tax

Deferred income tax is provided using the liability method on temporary differences at the date of the statement of financial position between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognized for all taxable temporary differences, except:

- where the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilized except:

- where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred income tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred income tax assets is reviewed at each date of the statement of financial position and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized. Unrecognized deferred income tax assets are reassessed at each date of the statement of financial position and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the date of the statement of financial position.

Deferred income tax relating to items recognized directly in equity is recognized in equity and not in the statement of comprehensive income.

Deferred income tax assets and deferred income tax liabilities are offset if, and only if, a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities that intend to either settle current tax liabilities and assets on a net basis, or to realize the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax assets or liabilities are expected to be settled or recovered.

6.7 Loss per share

The basic loss per share is computed by dividing the net loss by the weighted average number of common shares outstanding during the period. The diluted loss per share reflects the potential dilution of common share equivalents, such as outstanding stock options and share purchase warrants, in the weighted average number of common shares outstanding during the year, if dilutive. The “treasury stock method” is used for the assumed proceeds upon the exercise of the options and warrants that are used to purchase common shares at the average market price during the year. During the three months ended September 30, 2011, all the outstanding stock options and warrants were antidilutive. There were no stock options outstanding as at September 30, 2010.

6.8 Financial assets

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

Financial assets classified as FVTPL are measured at fair value with unrealized gains and losses recognized through earnings. The Company’s cash is classified as FVTPL.

Financial assets classified as loans-and-receivables and held-to-maturity are measured at amortized cost. The Company’s trade and other receivables are classified as loans-and-receivables and its related-party loan receivable is classified as held-to-maturity.

Financial assets classified as available-for-sale are measured at fair value with unrealized gains and losses recognized in other comprehensive income (loss) except for losses in value that are considered other than temporary.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognized on the settlement date.

Transactions costs associated with FVTPL financial assets are expensed as incurred, while transaction costs associated with all other financial assets are included in the initial carrying amount of the asset.

6.9 Financial liabilities

All financial liabilities are initially recorded at fair value and designated upon inception as FVTPL or other-financial-liabilities.

Financial liabilities classified as other-financial-liabilities are initially recognized at fair value less directly attributable transaction costs. After initial recognition, other-financial-liabilities are subsequently measured at amortized cost using the effective interest method. The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period. The Company's trade and other payables are classified as other-financial-liabilities.

Financial liabilities classified as FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as FVTPL. Derivatives, including separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Fair value changes on financial liabilities classified as FVTPL are recognized through the statement of comprehensive income. As at September 30, 2011, the Company has not classified any financial liabilities as FVTPL.

6.10 Impairment of financial assets

The Company assesses at each date of the statement of financial position whether a financial asset is impaired.

Assets carried at amortized cost

If there is objective evidence that an impairment loss on assets carried at amortized cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the asset is then reduced by the amount of the impairment. The amount of the loss is recognized in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed to the extent that the carrying value of the asset does not exceed what the amortized cost would have been had the impairment not been recognized. Any subsequent reversal of an impairment loss is recognized in profit or loss.

In relation to trade receivables, a provision for impairment is made and an impairment loss is recognized in profit and loss when there is objective evidence (such as the probability of insolvency or significant financial difficulties of the debtor) that the Company will not be able to collect all of the amounts due under the original terms of the invoice. The carrying amount of the receivable is reduced through use of an allowance account. Impaired debts are written off against the allowance account when they are assessed as uncollectible.

Available-for-sale

If an available-for-sale asset is impaired, an amount comprising the difference between its cost and its current fair value, less any impairment loss previously recognized in profit or loss, is transferred from equity to profit or loss. Reversals in respect of equity instruments classified as available-for-sale are not recognized in profit or loss.

6.11 Impairment of non-financial assets

At each date of the statement of financial position, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is an indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the assets belong.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in the statement of comprehensive income, unless the relevant asset is carried at a re-valued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years.

6.12 Cash

Cash in the statement of financial position comprises cash at banks and on hand.

6.13 Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) that has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risk specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense.

6.14 Related-party transactions and balances

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence, related parties may be individuals or corporate entities. A transaction is considered to be a related-party transaction when there is a transfer of resources or obligations between related parties. Related-party transactions that are in the normal course of business and have commercial substance are measured at the exchange amount.

6.15 Foreign currency transactions

Functional and presentation currency

Items included in the financial statements of each of the group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The functional currency of the Company is the Canadian Dollar, and the presentation of the subsidiaries in the group is the Nuevo Sol (Peruvian currency). The consolidated financial statements are presented in Canadian Dollars, which is the group's presentation currency.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the statement of loss.

Group companies

The results and financial position of all the group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;

- income and expenses for each statement of loss are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and

- all resulting exchange differences are recognized as a separate component of equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations, and of borrowings and other currency instruments designated as hedges of such investments, are taken to equity. When a foreign operation is partially disposed of or sold, exchange differences that were recorded in equity are recognized in the statement of loss as part of the gain or loss on sale.

6.16 Significant accounting judgments and estimates

The preparation of these Financial Statements requires management to make judgements and estimates and form assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. On an ongoing basis, management evaluates its judgements and estimates in relation to assets, liabilities, revenue and expenses. Management uses historical experience and various other factors it believes to be reasonable under the given circumstances as the basis for its judgements and estimates. Actual outcomes may differ from these estimates under different assumptions and conditions. The most significant estimates, when applicable, relate to asset retirement obligations; property, plant and equipment, recoverability of accounts receivable, valuation of deferred income tax amounts, impairment testing and the calculation of share-based payments. The most significant judgements, when applicable, relate to recognition of deferred tax assets and liabilities, determination of the commencement of commercial production and the determination of the economic viability of a project.

These interim consolidated financial statements contain management's judgement and estimates regarding the recoverability of its accounts receivable and the calculation of share-based payments.

7. Capital management

The Company considers its capital to be equity, which is comprised of share capital, reserve accounts, deficit and accumulated comprehensive income, which as at September 30, 2011 totaled $4,856,521 (June 30, 2011 – deficit of $551,674). The Company's capital structure is adjusted based on the funds available to the Company such that it may continue exploration and development of its properties for the mining of minerals that are economically recoverable. The Board of Directors does not establish quantitative return on capital criteria, but rather relies on the expertise of management and other professionals to sustain future development of the business

The Company's properties are in the exploration and development stage and, as a result, the Company currently has no source of operating cash flow. The Company intends to raise such funds as and when required to complete its projects. There is no assurance that the Company will be able to raise additional funds on reasonable terms. The only sources of future funds presently available to the Company are through the exercise of outstanding stock options or warrants, the sale of equity capital of the Company or the sale by the Company of an interest in any of its properties in whole or in part. The ability of the Company to arrange such financing in the future will depend in part upon the prevailing capital market conditions as well as the business performance of the Company. There can be no assurance that the Company will be successful in its efforts to arrange additional financing, if needed, on terms satisfactory to the Company.

Management reviews is 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 three months ended September 30, 2011. The Company is not subject to externally imposed capital restrictions.

8. Financial instruments

Fair value

The Company has, designated its cash as FVTPL, which is measured at fair value. Accounts receivable are classified for accounting purposes as loans and receivables, which are measured at amortized cost that equals fair value. Accounts payable and accrued liabilities are classified for accounting purposes as other financial liabilities, which are measured at amortized cost, which also equals fair value. Fair values of accounts receivable and accounts payable and accrued liabilities are determined from transaction values that were derived from observable market inputs. Fair values of other financial assets are based on Level 1 measurements and the remaining financial instruments are based on Level 2 measurements.

As at September 30, 2011, the carrying and fair value amounts of the Company's financial instruments are approximately equivalent due to the relatively short periods to maturity of these investments.

Fair value estimates are made at a specific point in time, based on relevant market information and information about financial instruments. These estimates are subject to and involve uncertainties and matters of significant judgment, therefore cannot be determined with precision. Changes in assumptions could significantly affect the estimates.

A summary of the Company's risk exposures as it relates to financial instruments are reflected below:

i) Credit risk

Credit risk is the risk of loss associated with a counter-party's inability to fulfill its payment obligations. The credit risk is attributable to various financial instruments, as noted below. The credit risk is limited to the carrying value amount carried on the statement of financial position.

a. **Cash** – Cash is held with major Canadian and Peruvian banks and therefore the risk of loss is minimal.

b. **Accounts receivable** – The Company is not exposed to significant credit risk as the majority of this amount is due from the Canadian government. Loss associated with amounts not due from the Canadian government is limited to $10,450.

ii) Liquidity risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities as they become due. As at September 30, 2011, the Company had a working capital of $4,856,521 (June 30, 2011 – deficiency of $551,674). The continued operations of the Company are dependent on its ability to generate future cash flows or obtain additional financing. In addition, in order to meet its longer-term working capital requirements and property exploration expenditures, the Company intends on securing further financing to ensure that those obligations are properly discharged. There can be no assurance that Caracara will be successful in its efforts to arrange additional financing on terms satisfactory to the Company. If additional financing is raised by the issuance of shares from the treasury of the Company, control of Caracara may change and shareholders may suffer additional dilution. If adequate financing is not available, the Company may be required to delay, reduce the scope of, or eliminate one or more exploration activities or relinquish rights to certain of its interests. Failure to obtain additional financing on a timely basis could cause the Company to forfeit its some or all of its interests and reduce or terminate its operations therein.

iii) Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, commodity prices and/or stock market movements (price risk).

a. Interest rate risk

The Company is not exposed to significant interest rate price risk due to the short-term nature of its monetary assets and liabilities. Cash not required in the short term, is invested in short-term guaranteed investment certificates, as appropriate.

b. Currency risk

Although the Company's operations are conducted in Canadian dollars, it has entered into contracts and/or agreements that require payment in United States dollars or Peruvian Nuevo Sols. Management believes that foreign currency risk derived from currency conversions is negligible and therefore does not hedge its foreign exchange risk.

c. Price risk

The Company holds no investments and is therefore not subject to price risk.

9. Sensitivity analysis

Based on management's knowledge and experience of the financial markets, the Company believes the following movements are "reasonably possible" over a one year period:

The Company's funds are kept in Canadian and US dollars at a major Canadian financial institution. As at September 30, 2011, the Company's exposure to foreign currency balances is as follows:

Account	Foreign Currency	Exposure ($CDN)	
		September 30, 2011	June 30, 2011
Cash and cash equivalents	US dollar	132,854	-

The Company believes that a change of 10% in foreign exchange rates would have a negligible effect on net loss for the period.

10. Cash

The balance at September 30, 2011, consists of $4,950,852 (June 30, 2011 - $138) on deposit with a major Canadian bank and $131,994 (June 30, 2011 - $nil) on deposit with a major Peruvian bank.

11. Accounts receivable

The Company's accounts receivable consist mainly of harmonized services tax ("HST") receivable due from the Canadian government taxation authorities.

Below is an aged analysis of the Company's accounts receivable:

	As at, September 30, 2011	**As at, June 30, 2011**
	$	$
30 – 60 days	**55,856**	-
Total accounts receivable	**55,856**	-

At September 30, 2011, the Company anticipates full recovery of these amounts and therefore no impairment has been recorded against these receivables. The credit risk on the receivables has been further discussed in note 8.

The Company holds no collateral for any receivable amounts outstanding as at September 30, 2011.

12. Accounts payable and accrued liabilities

Trade and other payables of the Company are principally comprised of amounts outstanding for trade purchases relating to exploration activities and amounts payable for operating and financing activities. The usual credit period taken for trade purchases is between 30 to 90 days.

The following is an aged analysis of the trade and other payables:

	As at, September 30, 2011	**As at, June 30, 2011**
	$	$
Less than 1 month	**220,101**	27,667
31 – 60 days		
61 – 90 days	**36,683**	415,014
Over 3 months	**25,397**	110,671
Total accounts payable and accrued liabilities	**282,181**	553,352

13. Related-party transactions

The financial statements include transactions with directors and/or officers of the Company and/or corporations related to or controlled by them. These transactions are measured and recorded at their exchange amounts, being the amounts agreed to by the related parties.

	3 months ended September 30, 2011	Period from September 1, 2010 (date of incorporation) to September 30, 2010
	$	$
Management fees	**147,400**	-
Investor relations	**15,000**	-

14. Capital stock

Share Capital

(i) Authorized share capital consists of an unlimited number of common shares.

(ii) Issued and outstanding share capital:

	Number of Shares	$
Balance at July 1, 2010, of Ansue	**2,000,000**	**100,000**
Issued for cash:		
Initial public offering (net of costs)	2,000,000	121,906
Issuance of agent's options	-	(11,379)
Exercise of agent's options	60,000	6,000
Fair value of exercised agent's options	-	3,414
Balance at September 30, 2010 and June 30, 2011, of Ansue	**4,060,000**	**219,941**
Ansue 1 for 3 consolidation *(note 5)*	(2,706,666)	-
Ansue recapitalization *(note 5)*	(1,353,334)	(219,941)
Issued to Ansue shareholders pursuant to Corporate Merger *(note5)*	1,353,334	446,600
Issued to SAE shareholders pursuant to Corporate Merger *(note 5)*	33,333,333	1,640,401
Balance at August 19, 2011, post Corporate Merger	**34,686,667**	**2,087,001**
Issued for cash:		
Offering *(note 5 and below)*	14,252,501	5,971,896
Fair value of warrants	-	(1,637,888)
Fair value of broker warrants	-	(303,365)
Balance at September 30, 2011	**49,029,168**	**6,117,645**

The table above reflects the legal number of outstanding shares of Ansue but the book value associated with them for accounting purposes is based upon Caracara's share capital account as at the August 19, 2011, the date of the Corporate Merger that affected the reverse takeover transaction plus Caracara's share activity since that date. The dollar amount of the legal stated capital of Ansue therefore differs from the amounts reflected above.

Ansue initial public offering

In May 2010, Ansue 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 Ansue of $200,000. Financing costs totaled $78,094. 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 Ansue of $6,000, leaving a balance of 140,000 agent's options outstanding.

Offering

On May 31, 2011, 14,242,501 Ansue subscription receipts were issued to subscribers pursuant to the Offering for aggregate gross proceeds of $6,409,125.45. Each Ansue subscription receipt sold at the offering price of $0.45 (the "Offering Price"), consisted of 1 Ansue common share and one-half on one Ansue share-purchase warrant (a "Unit"). Each Unit was automatically converted for no further consideration into one common share of the Company and one-half of one share purchase warrant (a "Warrant") on a post-Consolidation basis immediately upon completion of the Qualifying Transaction. Each whole Warrant is exercisable for one common share at an exercise price of $0.60 (post-Consolidation basis) until May 31, 2013, provided that, if after the date that is four months and a day from May 31, 2011, the weighted average closing price of the Company's common shares, 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 Warrant expires within 30 days after notice of such event is mailed to the warrantholders.

In connection with the Offering, agents and selling group members appointed by the agents received a cash commission of $384,547.53. Additional cash costs of the Offering totaled $52,682, for total aggregated cash costs of $437,229. The agents and selling group members appointed by the agents also received 854,550 broker warrants (each a "Broker Warrant"). Each Broker Warrant is exercisable until May 31, 2013, for one Unit on a post-Consolidation basis at the Offering Price.

The following table summarizes the assumptions used with the Black-Scholes valuation model for the determination of the Warrant and Broker Warrant fair values:

	Warrants	**Broker Warrants**[1]
Number of warrants granted	7,121,250	854,550
Weighted average information		
Exercise Price	$0.60	$0.60
Risk-free interest rate	2.7%	2.7%
Expected life	2.0 years	2.0 years
Expected volatility	171%	171%
Vesting	100%	100%
Expected dividends	-	-
Fair value	**$1,637,888**	**$303,365**

[1]Exercisable into 1 common share and one-half of one Warrant.

(iii) Escrowed shares:

On January 18, 2010, the Ansue issued 2,000,000 common shares at $0.05 per share to its directors and officers for cash proceeds of $100,000. These shares are subject to an escrow agreement, are held by the Ansue's (and now, the Company's) escrow agent, and are to be released in accordance with the TSX Venture Exchange CPC policy guidelines. Pursuant to Exchange policies, all seed shares issued at a price lower than the price of the Initial Public Offering shares and all securities acquired by non-arm's length parties to Ansue, and all securities acquired by a Control Person are held in escrow and will be released over a period of three years from the acceptance of the Company's Qualifying Transaction.

On August 19, 2011, the Corporate Merger (and thereby, the Qualifying Transaction) was completed. Final TSXV approval of the Corporate Merger was received effective the start of trading on August 25, 2011. Subject to the policies of the TSX Venture Exchange, the following table summarizes the common shares of the Company (both shares issued pursuant to the Offering and shares issued in exchange for old Ansue shares pursuant to the Corporate Merger) that remain under escrow as at September 30, 2011:

		Release date			
Issuance	**Total**	**Aug. 25, 2011**[1]	**Feb. 25, 2012**	**Aug. 25, 2012**	**Feb. 25, 2013**
Ansue initial public offering	666,665	166,666	166,666	166,666	166,667
Offering	33,333,333	8,333,333	8,333,333	8,333,333	8,333,334
Total escrowed common shares	**33,999,998**	**8,499,999**	**8,499,999**	**8,499,999**	**8,500,001**

[1] These common shares were released to shareholders.

Outstanding issued warrants

The outstanding issued warrants balance at September 30, 2011, is comprised of the following items:

Date of Expiry	**Type**	**No. of Warrants**	**Exercise Price $**	**Fair Value $**
May 31, 2013	Broker Warrant	854,550	0.60	303,365
May 21, 2012	Agent Warrant	46,667[1]	0.30	13,533
May 31, 2013	Warrant	7,121,250	1.00	1,637,888
Total		**8,022,467**		**1,954,786**

[1] Reflects a 1 for 3 share Consolidation.

Options

Caracara has a stock option plan pursuant to which options to purchase common shares may be granted to certain officers, directors, employees and consultants. The plan allows for the issuance of up to 10% of the issued and outstanding common shares. As at September 30, 2011, the Company had 1,869,584 (June 30, 2011 – 6,000) options available for issuance. A continuity of the unexercised options to purchase common shares is as follows:

	September 30, 2011		June 30, 2011	
	Weighted Average Exercise Price	**No. of Options**	Weighted Average Exercise Price	No. of Options[1]
	$		$	
Outstanding at beginning of year	**0.300**	**133,333**	-	-
Transactions during the period/ year:				

Granted	**0.500**	**2,900,000**	0.300	133,333
Expired	**-**	**-**	-	-
Outstanding at end of period/year	**0.491**	**3,033,333**	0.300	133,333

[1]Reflects the 1 for 3 Consolidation. The options, when exercised, are subject to the escrow provisions as noted above.

The following table provides additional information about outstanding stock options at September 30, 2011:

Range of Exercise Prices	No. of Options Outstanding	Fair Value	Weighted Average Remaining Life (Years)	Weighted Average Exercise Price ($)
$0.000 - $0.300	133,333[1]	56,000	3.67	0.300
$0.310 - $0.500	2,900,000	263,324	4.98	0.500
$0.000 - $0.500	3,033,333	319,324	4.92	0.491

[1] Reflects a 1 for 3 share Consolidation.

The fair value of the stock options granted for the three months ended September 30, 2011, was $957,000 (2010 – $Nil), or $0.33 (2010 - $nil each). Share-based compensation that has vested during the 3 months ended September 30, 2011 totaled $263,324 (2010 - $Nil), with such amount expensed in the consolidated statements of loss.

The following table summarizes the assumptions used with the Black-Scholes valuation model for the determination of the option fair values:

Number of options granted	2,900,000
Weighted average information	
Exercise Price	$0.50
Risk-free interest rate	1.44%
Expected life	5.0 years
Expected volatility	102%
Vesting (25% immediately, 25% in 6 months, 25% in 12 months and final 25% in 18 months)	various
Expected dividends	-
Fair value	**$957,000**

15. Reserve for warrants

A continuity of the changes in the Company's reserve for warrants for the 3 months ended September 30, 2011 and the period from September 1, 2010 (date of incorporation) to June 30, 2011, is set out below:

	Number	$
Balance at July 1, 2010, of Ansue	-	-
Issuance of agent's warrants	200,000	11,379
Agent's warrants exercised	(60,000)	(3,414)
Balance, September 30, 2010 and June 30, 2011, of Ansue	**140,000**	**7,965**
1 for 3 Consolidation *(note 5)*	(93,333)	-
Ansue recapitalization and Consolidation *(note 5)*	(46,667)	(7,965)
Issued to Ansue warrant holders	46,667	13,533
Balance, August 19, 2011, post Corporate Merger	**46,667**	**13,533**
Warrants issued pursuant to Offer	7,121,250	1,637,888
Broker warrants issued pursuant to Offer	854,550	303,365
Balance, September 30, 2011	**8,022,467**	**1,954,786**

16. Reserve for share-based payments

A continuity of the changes in the Company's reserve for share-based payments for the 3 months ended September 30, 2011 and the period from September 1, 2010 (date of incorporation) to June 30, 2011, is set out below:

	Number	$
Balance, June 30, 2010, September 30, 2010 and June 30, 2011, of Ansue	**400,000**	29,855
1 for 3 Consolidation *(note 5)*	(266,667)	-
Ansue recapitalization and Consolidation *(note 5)*	(133,333)	(29,855)
Issued to Ansue warrant holders	133,333	56,000
Balance, August 19, 2011, post Corporate Merger	**133,333**	**56,000**
Share-based compensation	2,900,000	263,324
Balance. September 30, 2011	**3,033,333**	**319,324**

17. Exploration and evaluation expenditures

The evaluation and exploration expenses for the Company are broken down as follows:

	Three months ended September 30, 2011	Period ended September 30, 2010[1]	Cumulative to September 30, 2011
	$	$	$
Acquisition costs	**120,000**	156,002	718,238

	Three months ended September 30, 2011	Period ended September 30, 2010[1]	Cumulative to September 30, 2011
	$	$	$
Exploration costs:			
Drilling	**-**	-	-
Database	**-**	-	20,000
Environmental and community relations	**-**	-	101,857
Assaying and sampling	**1,113**	-	69,110
Field supplies	**4,810**	-	72,245
Consulting and professional fees	**33,635**	-	307,189
General exploration expenditures	**88,244**	170,660	1,017,786
	127,801	170,660	1,683,909
Exploration and evaluation expenditures	**247,801**	326,662	2,402,147

[1] Period from September 1, 2010 (date of incorporation) to September 30, 2010.

Princesa project

The Princesa project is located approximately 1,000 km southeast of Lima, the capital of Peru, within the administrative department of Puno. It consists of 8 mining concessions covering an area totalling 5,400 hectares that are held by Solex, a wholly-owned Peruvian subsidiary of the Company.

Caracara controls more than 24,000 hectares of land along the Princesa-Pilunani mineralized trend located 210 kilometres north of Juliaca, in Southern Peru. On the key Princesa silver-zinc-lead project, historic drilling of 6,889 metres led to the estimation of NI 43-101-compliant inferred mineral resources of 4.6 million tonnes grading 90.88 grams silver per tonne, 1.69% zinc and 1.66% lead along a zone striking for 1.5 kilometres and to a depth of 150 metres.

On September 27, 2010 (amended April 8, 2011), Caracara signed an agreement (the “Purchase Agreement”) with Cybersonic Ltd. (“Cybersonic”), to acquire an extensive mineral exploration database including technical data and results from regional exploration throughout the Princesa-Pilunani trend. This database was used to map stake approximately 10,000 hectares of land proximal to the Princesa project area thereby consolidating the Princesa-Pilunani trend.

Commitments

The terms of the amended agreement provide for the following:

i) Payment of US$30,000 upon execution of the letter of intent (paid, July 16, 2010);
ii) Payment of US$65,000 upon execution and closing of the Purchase Agreement (paid, September 28, 2010)
iii) Payment of US$120,000 upon the 1st anniversary of the closing of the Corporate Merger;
iv) Payment of US$280,000 upon the 2nd anniversary of the closing of the Corporate Merger;
v) Issuance of 1,892,000 common shares of the Company upon the closing of the Corporate Merger (issued October 6, 2011 – *note 19*);
vi) Issuance of 974,666 common shares of the Company upon the 1st anniversary date of the closing of the Corporate Merger.

18. Segmented information

Operating Segments

At July 31, 2011 the Company's operations comprise a single reporting operating segment engaged in mineral exploration in Peru. The Company's corporate division only earns revenues (interest income) that are considered incidental to the activities of the Company and therefore does not meet the definition of an operating segment as defined in **IFRS 8 *'Operating Segments'*.** As the operations comprise a single reporting segment, amounts disclosed in the unaudited interim consolidated financial statements also represent operating segment amounts.

An operating segment is defined as a component of the Company:

- that engages in business activities from which it may earn revenues and incur expenses;
- whose operating results are reviewed regularly by the entity's chief operating decision maker; and
- for which discrete financial information is available.

Geographic Segments

Caracara is in the business of mineral exploration and production in Canada and Peru. As such, management has organized the Company's reportable segments by geographic area. The Peru segment is responsible for that country's mineral exploration and production activities while the Canadian segment manages corporate head office activities. Information concerning Caracara's reportable segments is as follows:

	Three months ended September 30, 2011	Three months ended September 30, 2010
Consolidated net loss	**$**	$
Canada	803,099	15,198
Peru	247,801	326,662
	1,066,827	341,861

	Three months ended September 30, 2011	Three months ended September 30, 2010
Significant non-cash items	**$**	$
Canada		
Share-based payments	**263,324**	-

	As at September 30, 2011	**As at June 30, 2011**
Identifiable assets	**$**	$
Canada	**5,038,966**	138
Peru	**99,735**	1,540
	5,138,701	1,678

19. Subsequent event

In October 2011, the Company issued 1,892,000 common shares in consideration of a property payment and pursuant to the amended Purchase Agreement with Cybersonic.