



FOR IMMEDIATE RELEASE

Southern Andes Energy Inc. and Ansue Capital Corp. Announce the Signing of a Letter of Intent to Enter into a Business Combination with Caracara Silver Inc. a subsidiary of Southern Andes Energy Inc.

TORONTO, ON, March 2 2011 – Southern Andes Energy Inc. (“**Southern Andes**” TSXV SUR) and Ansue Capital Corp. (“**Ansue**” TSXV ASU.P) are pleased to announce that they entered into a letter of intent (the “**Letter of Intent**”) with respect to a proposed business combination (the “**Business Combination**”) involving Southern Andes’ wholly-owned subsidiary, Caracara Silver Inc. (“**Caracara**”). The structure of the business combination will be agreed upon by Southern Andes and Ansue based on tax and securities advice and will result in the issuance by Ansue to Southern Andes of 100 million common shares. 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 C\$4.0 million and a maximum amount of C\$6.0 million at a price of C\$0.15 per common share. Southern Andes and Caracara are at arm’s length with Ansue.

Without giving effect to the Financing, after completion of the Business Combination, Southern Andes will own approximately 95% of the issued and outstanding shares of Ansue and former shareholders of Ansue will continue to own approximately 5% of the issued and outstanding shares of Ansue. If Ansue completes the minimum Financing, it is anticipated that after completion of the Business Combination, Southern Andes will own approximately 76.4% of the issued and outstanding shares of Ansue, places under the Financing will own approximately 20.4% of the issued and outstanding shares of Ansue and former shareholders of Ansue will own approximately 3.2% of the issued and outstanding shares of Ansue. If Ansue completes the maximum Financing, it is anticipated that after the Business Combination, Southern Andes will own approximately 69.3% of the issued and outstanding shares of Ansue, places under the Financing will own approximately 27.7% of the issued and outstanding shares of Ansue and former shareholders of Ansue will own approximately 3.0% of the issued and outstanding shares of Ansue. The foregoing calculations were made on an undiluted basis. Ansue has an additional 140,000 broker warrants outstanding at an exercise price of C\$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 C\$0.10 and that expiry on June 2, 2015. Ansue has also agreed to issue an additional 300,000 common shares to Jescorp Capital Inc. in connection with sourcing the Business Combination for and on behalf of Ansue.

Subsequent to the closing of the Business Combination, Ansue will call and hold a special meeting of shareholders to consider and approve, among other things, a consolidation of the shares of Ansue currently anticipated 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. As the majority shareholder of Ansue, Southern Andes will vote its shares in favour of the consolidation and the name change.

Southern Andes has indicated its intention to acquire the shares of Ansue for investment purposes and may increase or decrease its holdings in Ansue depending on future market conditions. From the perspective of Southern Andes, the Business Combination will constitute a reviewable transaction within the policies of the TSX Venture Exchange (the “**Exchange**”) as it constitutes a disposition by Southern Andes of its interest in Caracara.

The Business Combination is conditional upon the completion of satisfactory due diligence investigations, the execution and delivery of a definitive agreement, the receipt of all requisite and regulatory and third party consents, including without limitation, the consent of the Exchange, the completion by Ansue of the minimum portion of the Financing and Ansue having C\$175,000 in net-free available cash on completion of the Business Combination. On completion of the Business Combination, the board of directors of Ansue and management of Ansue will be comprised of nominees of Southern Andes and one nominee of Ansue who is currently anticipated to be Anne B. Chopra. See below for details concerning the anticipated board/management representatives of Ansue after completion of the Business Combination. The definitive agreement will contain covenants, representations and warranties that are customary for transactions of a similar nature.

Neither Southern Andes nor any of its associates and affiliates nor any of their respective directors and officers (the **'Southern Andes Group Members'**) may solicit any offers to purchase the shares or assets of Caracara. Notwithstanding such agreement not to solicit, Southern Andes may enter into discussions with a third party who, without solicitation, initiation or encouragement, directly or indirectly by the Southern Andes Group Members, seeks to initiate discussions concerning the shares or assets of Caracara. Should such a third party under such context make a bona fide proposal that is superior to that contained in the Letter of Intent (the **"Superior Proposal"**), Southern Andes may accept the Superior Proposal only if the board of directors of Southern Andes concludes that to do so is necessary in discharge of their fiduciary duties (after receiving the advice of outside counsel) and if Southern Andes accepts the Superior Proposal, it must pay Ansue' expenses incurred in connection with the Letter of Intent to a maximum of C\$20,000. Ansue has agreed during the period until signing the definitive agreement or the termination of the Letter of Intent, not to solicit, encourage or conduct discussions with or engage in negotiations with any person, other than Southern Andes, relating to the possible acquisition of Ansue (whether by way of merger, purchase of capital stock or otherwise) or any material portion of its capital stock, in any way that would or might affect the execution, delivery and performance of the definitive agreement. Ansue will pay Southern Andes' expenses incurred in connection with this Letter of Intent and the Acquisition to a maximum of \$20,000, should Ansue terminate the Letter of Intent, other than for reasons specifically set forth in the Letter of Intent.

Ansue is a capital pool company and intends for the Business Combination to constitute the "Qualifying Transaction" as such term is defined in the policies of the TSX Venture Exchange. The Business Combination is an arm's length transaction and upon completion thereof it is anticipated that Ansue will be a Tier 2 Mining Issuer.

The Letter of Intent shall be terminated: (i) by written consent of the parties; (ii) if either party is not satisfied with the results of their due diligence investigations on or before March 22, 2011; (iii) if the definitive agreement is not signed on or before April 22, 2011 or such later date as the parties may agree in writing; and (iv) by Southern Andes if it has accepted a Superior Proposal.

Properties of Caracara

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.

The potential to increase resources at Princesa is deemed to be good as the main mineralized zone remains open along strike and at depth.

Mr. Alain Vachon, P. Geo, Vice President – Exploration and Caracara's Qualified Person as defined by National Instrument 43-101, has reviewed and approved the contents of this press release.

Management and Board of Directors of the Resulting Issuer

Subject to and following completion of the Qualifying Transaction (i.e. the Business Combination) and all necessary approvals, the following individuals are expected to be the directors and officers of the resulting issuer:

Nick Tintor, President and CEO of Southern Andes, will become the President, CEO and a Director.

Stephen Gledhill – Chief Financial Officer

Leslie Haddow – Corporate Secretary

Robert Boaz – Director

Stephen Coates – Director

John Cook – Director

Anne B. Chopra - Director

Nicholas Tintor – President and Director, Southern Andes Energy Inc. - Mr. Tintor is President & Chief Executive Officer and a Director of Southern Andes Energy Inc. From January 2007 to the present, Nick Tintor has acted as the President & CEO and a Director of Homeland Uranium Inc.

A graduate of the University of Toronto (B.Sc., Geology), he has more than 25 years of experience in the mining industry and has been involved with all aspects of junior mining company management, finance and project acquisition. Mr. Tintor is also a Director of the following TSX-listed companies: Macusani Yellowcake Inc., Cerro Resources NL, and DNI Metals Inc., and of Homeland Uranium Inc., an unlisted reporting issuer.

Stephen M. Gledhill, Chief Financial Officer – Mr. Gledhill is a Certified Management Accountant (CMA) and is the President of Keshill Consulting Associates Inc., a boutique management consulting practice specializing in the areas of financial management and control, information systems implementation and strategic management. Stephen has over 25 years of financial-control experience and acts as CFO for several publically-traded mining and exploration and health-services companies. Prior to the inception of Keshill Consulting Associates Inc., Mr. Gledhill served as the Senior Vice President and CFO of Borealis Capital Corporation, a Toronto-based merchant bank.

Leslie Haddow, Corporate Secretary - Mrs. Haddow has acted as Corporate Secretary of Southern Andes Energy Inc. (TSXV: Sur) since May 2010. From September 2008 to the present, Leslie Haddow has acted as Corporate Secretary of Homeland Uranium Inc. From 2005 to 2007 she acted as Corporate Secretary of Cornerstone Capital Partners LLP. From 2002 to 2005 Leslie Haddow acted as Corporate Secretary of Avotus Corporation (TSXV: AVS). From 1996 to 2002 she acted as Assistant Corporate Secretary of Canadian Real Estate Investment Trust (CREIT) (TSX: REF.UN)

Leslie Haddow brings more than 15 years of experience in the corporate secretarial role and has been involved in many industries, including mining/mineral exploration, real estate, and corporate finance.

Robert Boaz, Director - Mr. Boaz is the President and CEO of Aura Silver Resources. He was previously a director of Dundee Securities Inc. from August 2000 to November 2004 and a Managing Director of Raymond James Inc. from November 2004 to March 2006. Mr Boaz is currently a director of Ur-Energy Inc., AuEx Ventures and Southern Andes Energy Inc.

Stephen Coates, Director - Mr. Coates is a Principal of Grove Capital Group since October 2009. He was President and Chief Executive Officer of Homeland Energy Group Ltd (“HEG”) a position he held from December 2004 to October 2009. Mr. Coates is the Chairman of Homeland Uranium Inc., an unlisted reporting issuer and also served in Communications with the Government of Ontario, including as Special Assistant to Premier Mike Harris from June 1999 to May 2001. Mr. Coates graduated with a Bachelor of Arts degree in Political Science from the University of Western Ontario.

John Cook, Director - John Cook has more than 45 years of professional experience in all facets of mining development, operations and management. He was most recently President and CEO of San Anton Resource Corp. and the Chairman of Premier Gold Inc. until 2010. He is a director of Strategic Resources Inc., Cerro Resources NL, MBMI Resources Inc., and Southern Andes Energy, all TSX-V listed companies. He is also a director of Homeland Uranium Inc., an unlisted reporting issuer. He has been the President of Tormin Resources Limited, a private mining company since May 1995, and is a graduate of Sheffield University in mining engineering.

Anne B. Chopra, Director – Ms. Chopra was engaged as VP, Corporate and Legal Affairs with Potash One Inc., a TSX listed resource issuer, since November 2007. For the past 16 years, Ms. Chopra has practiced Corporate, Commercial and Securities Law private with regional law firms. In addition and since August 2008, Ms. Chopra is the President, Director, CEO, CFO and Secretary to Harvest One Capital Inc., a TSXV Capital Pool Company. Further, she has been the director and Corporate Secretary to various companies, listed on the TSXV.

In addition to the above professional experience, Ms. Chopra has acted as the Equity Ombudsperson for the Law Society of British Columbia since May, 1999 and has been a Lecturer in business at the University of Alberta, the British Columbia Institute of Technology and at Ryerson Polytechnic Institute.

Ms. Chopra obtained her Bachelor of Commerce and Bachelor of Laws degrees from the University of Alberta and a Masters of Industrial Relations from Queen’s University in 1984.

Sponsorship of Qualifying Transaction

Sponsorship of a qualifying transaction of a capital pool company is required by the Exchange unless an exemption from this requirement can be obtained in accordance with the policies of the Exchange. Ansue is currently reviewing the Exchange requirements for a sponsorship and intends to comply with the policies of the Exchange after discussions with the Exchange regarding sponsorship, although it is anticipated that Ansue will seek exemptions related to sponsorship as may be applicable.

Summary of Financial Information

Financial statements as required by the Exchange were not available at the time of this press release.

Other Information and Updates

Southern Andes’ shares are currently listed for trading on the Exchange and Ansue’s shares are currently also listed for trading on the Exchange. However, in accordance with the Exchange policy, Ansue’s shares are currently halted from trading and will remain halted until such time as determined by the Exchange which, depending on the policies of the Exchange, may not occur until the completion of the Definitive Agreement and the Financing.

Ansue will provide further details of the Qualifying Transaction in due course by way of press release. Ansue will in due course make available to the Exchange, all financial information as required by the Exchange and will provide, in a press release to be disseminated at a later date, summary financial information derived from such statements.

About Southern Andes Energy Inc.

Southern Andes Energy Inc. is focused on exploring and developing uranium resources to meet the world’s growing demand for clean energy. The Company is the largest landowner in the emerging Macusani Uranium District in Peru with holdings of more than 100,000 hectares of land. The Company also owns a 10% interest in Macusani Yellowcake Inc., which controls two advanced stage uranium projects in the district. Southern Andes owns a 100% interest in Caracara Silver Inc., which has been created to advance and develop the Company’s extensive silver and zinc projects in Peru.

This news release may contain forward-looking statements that are based on Southern Andes Energy Inc.'s expectations, estimates and projections regarding its business and the economic environment in which it operates. These statements are not guarantees of future performance and involve risks and uncertainties that are difficult to control or predict. Therefore, actual outcomes and results may differ materially from those expressed in these forward-looking statements and readers should not place undue reliance on such statements. Statements speak only as of the date on which they are made, and Southern Andes undertakes no obligation to update them publicly to reflect new information or the occurrence of future events or circumstances, unless otherwise required to do so by law.

Neither the TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release and has in no way passed upon the merits of the Business Combination and has neither approved nor disapproved of the contents of this press release.

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Completion of the Business Combination is subject to a number of conditions including but not limited to Exchange acceptance (in respect of each of Southern Andes and Ansue) and if applicable pursuant to the Exchange requirements, majority of the minority shareholder approval. Where applicable, the Business Combination cannot close until the required shareholder approval is obtained. There can be no assurance that the Business Combination will be completed as proposed or at all.

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