

**ANSUE CAPITAL CORP.**  
CONDENSED INTERIM FINANCIAL STATEMENTS

April 30, 2011  
(unaudited)

## Notice to Reader

The accompanying unaudited interim financial statements of Ansue Capital Corp. as at April 30, 2011 and January 31, 2011 and for the three months ended April 30, 2011 and 2010 have been prepared by and are the responsibility of the Company's management and are considered by management to present fairly the financial position, operating results and cash flows of the Company.

These interim financial statements have not been reviewed by an auditor.

Dated: July 29, 2011

*"Suzanne Wood"*  
Director

**ANSUE CAPITAL CORP.**  
(A Capital Pool Company)  
**CONDENSED INTERIM BALANCE SHEETS**

	April 30, 2011	January 31, 2011	February 1, 2010 (Note 12)
<b>ASSETS</b>			
<b>CURRENT</b>			
Cash and cash equivalents	\$ 1,000	\$ 21,780	\$ 2,312
Sales tax receivable	2,220	236	1,200
Short-term investment (Note 4)	179,065	176,204	70,000
	182,285	198,220	73,512
<b>DEFERRED FINANCE CHARGES</b>	-	-	24,500
<b>TOTAL ASSETS</b>	\$ 182,285	\$ 198,220	\$ 98,012
<b>LIABILITIES</b>			
<b>CURRENT</b>			
Accounts payable and accrued liabilities	\$ 3,048	\$ 471	\$ -
<b>SHAREHOLDERS' EQUITY</b>			
Share Capital (Note 6)	219,941	219,941	100,000
Contributed Surplus (Note 7)	37,820	37,820	-
Deficit	(78,524)	(60,012)	(1,988)
	179,237	197,749	98,012
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	\$ 182,285	\$198,220	\$ 98,012

Approved on behalf of the Board:

\_\_\_\_\_  
*"Suzanne Wood"*  
Director

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*"Dale Peterson"*  
Director

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

**ANSUE CAPITAL CORP.**  
(A Capital Pool Company)  
**CONDENSED INTERIM STATEMENTS OF OPERATIONS, COMPREHENSIVE LOSS AND DEFICIT**  
(unaudited)

	<b>Three Months Ended April 30,</b>	
	<b>2011</b>	<b>2010</b>
<b>OPERATING EXPENSES</b>		
General office expenses	175	1,050
Professional fees	10,182	107
Transfer agent and filing fees	8,672	870
	19,029	2,027
 <b>OTHER INCOME</b>		
Interest Income	517	56
	(18,512)	(1,971)
<b>NET (LOSS) AND COMPREHENSIVE (LOSS) FOR THE PERIOD</b>		
 <b>RETAINED EARNINGS (DEFICIT), Beginning of Period</b>	(60,012)	(1,988)
<b>RETAINED EARNINGS (DEFICIT), End of Period</b>	\$ (78,524)	\$ (3,959)
 <b>LOSS PER SHARE, Basic And Diluted</b>	\$ (0.02)	\$ (0.00)
 <b>WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING, Basic and Diluted</b>	4,060,000	2,000,000

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

**ANSUE CAPITAL CORP.**  
(A Capital Pool Company)  
**CONDENSED INTERIM STATEMENTS OF CASH FLOWS**  
(unaudited)

	<b>Three Months Ended April 30,</b>	
	<b>2011</b>	<b>2010</b>
<b>CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES</b>		
Net (Loss) for the period	\$ (18,512)	\$ (1,971)
Adjustments for items not involving cash:		
Accrued interest income	(361)	-
Changes in non-cash working capital items:		
Sales tax receivable	(1,984)	(200)
Accounts payable and accrued liabilities	2,577	-
	(18,280)	(2,171)
<b>CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES</b>		
Deferred finance charges	-	(26,892)
	-	(26,892)
<b>CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES</b>		
Short-term investment	(2,500)	27,500
	(20,780)	(1,563)
<b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>		
<b>Cash and Cash Equivalents, beginning of period</b>	21,780	2,312
<b>Cash and Cash Equivalents, end of period</b>	\$ 1,000	\$ 749
<b>Supplemental cash flow information</b>		
Interest paid	\$ -	\$ -
Income taxes paid	\$ -	\$ -

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

**ANSUE CAPITAL CORP.**  
(A Capital Pool Company)  
**CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY**  
(unaudited)

	Number of shares	Capital stock	Contributed Surplus	Deficit	Total
Balance, February 1, 2010	2,000,000	\$ 100,000	\$ -	\$ (1,988)	\$ 98,012
Net loss for the period				(1,971)	(1,971)
Balance, April 30, 2010	2,000,000	100,000	-	(3,959)	96,041
Initial public offering at \$0.10 per share (net of share issuance cost)	2,000,000	110,527	-	-	110,527
Agent's options	-	-	11,379	-	11,379
Exercise of Agent's Options	60,000	6,000	-	-	6,000
Reclassification to share capital upon exercise of agent's options	-	3,414	(3,414)	-	-
Stock options	-	-	29,855	-	29,855
Net loss for the period	-	-	-	(56,053)	(56,053)
Balance, January 31, 2011	4,060,000	219,941	37,820	(60,012)	197,749
Net loss for the period	-	-	-	(18,512)	(18,512)
Balance, April 30, 2011	4,060,000	219,941	37,820	(78,524)	179,237

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

**ANSUE CAPITAL CORP.**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**  
**APRIL 30, 2011**  
**(Unaudited)**

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**1. NATURE OF OPERATIONS**

The condensed interim financial statements of Ansue Capital Corp. (the "Company") for the three months ended April 30, 2011 were authorized for issuance in accordance with a resolution of the directors on July 29, 2011.

The Company was incorporated under the Business Corporations Act of British Columbia on December 3, 2009. The Company is a capital pool company as defined by the rules of the TSX Venture Exchange ("Exchange") in Policy 2.4 of the Exchange.

The head office, principal address and registered and records office of the Company are located at suite 490, 580 Hornby Street, Vancouver B.C. V6C 3B6.

As of April 30, 2011, the Company had no business or material assets, other than cash and cash equivalents, receivable and short term investment. The Company proposes to identify and evaluate potential acquisitions or businesses and once identified and evaluated, to negotiate an acquisition or participation in a Qualifying Transaction as defined under the TSX Venture Exchange Policy 2.4. The Qualifying Transaction will be subject to shareholder and regulatory approval.

On March 1, 2011 the Company entered into a letter of intent with respect to a proposed business combination with Southern Andes Energy Inc. ("Southern Andes") which, if completed, will be the Company's Qualifying Transaction pursuant to the policies of the Exchange. In accordance with the Exchange policies, the Company's shares were halted from trading effective March 1, 2011 and will remain halted until such time as determined by the Exchange, which may not occur until the completion of the Definitive Agreement or if the Qualifying Transaction is abandoned. The purpose of the letter of intent is to outline the principle terms and conditions upon which the Company will acquire from Southern Andes a 100% interest in the assets of Caracara Silver Inc. ("Caracara"); a wholly-owned subsidiary of Southern Andes, which comprise interests in silver properties located in Peru. For the terms of the acquisition, further information on Southern Andes, management and board of directors of the resulting issuer, sponsorship of the qualifying transaction, capital structure and a description of significant conditions to closing, please refer to the Company's press release dated March 2, 2011 filed on [www.sedar.com](http://www.sedar.com).

Further to the news release dated March 2, 2011, the Company signed a definitive agreement (the "Definitive Agreement") with Southern Andes Energy Inc. which provides that the Company shall acquire (the "Acquisition") all of the issued and outstanding shares of Caracara Silver Inc. and thus indirectly all of the shares of Alpaca Exploraciones SAC, as well as all of the issued and outstanding shares of Solex del Peru SAC ("Solex"). As a result of the Acquisition, the Company will acquire all of the silver assets of Southern Andes which comprise 24,600 hectares of concessions located approximately 200 kilometres north of Juliaca, Peru. Solex currently also owns certain uranium assets located in Peru. These assets do not form a part of the Acquisition and will be transferred out of Solex to Southern Andes on a non-cash basis. The Acquisition is an arm's length transaction and upon completion thereof it is anticipated that Ansue will be a Tier 2 Mining Issuer. Further details concerning the Definitive Agreement can be found in the Company's news release dated April 14, 2011 filed on [www.sedar.com](http://www.sedar.com). The parties are attempting to secure financing and preparing the documentation for submission to the regulatory authorities for approval.

**2. BASIS OF PRESENTATION**

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

## **2. BASIS OF PRESENTATION (continued)**

These are the Company's first IFRS interim financial statements for part of the period covered by the Company's first IFRS annual financial statements for the year ended January 31, 2012. Previously, the Company prepared its annual and interim financial statements in accordance with Canadian generally accepted accounting principles ("GAAP").

These financial statements have been prepared on a going concern basis. Accordingly, they do not give effect to adjustments that would be necessary should the Company be unable to continue as a going concern and therefore be required to realize its assets and liquidate its liabilities in other than the normal course of business and at amounts different from those in the accompanying financial statements.

The proposed business of the Company involves a high degree of risk and there is no assurance that the Company will identify an appropriate business for acquisition or investment and even if so identified and warranted, it may not be able to finance such acquisition or investment. Additional funds may be required to enable the Company to pursue such an initiative and the Company may be unable to obtain such financing on terms which are satisfactory to it. Further, there is no assurance that businesses acquired will be profitable.

## **3. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES and ASSUMPTIONS**

The preparation of these financial statements in conformity of IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the consolidated financial statements and reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates.

In particular, information about significant areas of estimation uncertainty considered by management in preparing the interim financial statements is described below:

### *Contingencies*

By their nature, contingencies will only be resolved when one or more future events occur or fail to occur. The assessment of contingencies inherently involves the exercise of significant judgment and estimates of the outcome of future events.

## **4. SIGNIFICANT ACCOUNTING POLICIES**

The preparation of the interim financial statements in accordance with IAS 34 resulted in changes to the accounting policies as compared with the most recent annual financial statements prepared under Canadian GAAP. The accounting policies set out below have been applied consistently to all periods presented in these interim financial statements. They also have been applied in preparing an opening IFRS balance sheet at February 1, 2010 for the purposes of the transition to IFRS, as required by IFRS 1. The impact of the transition from Canadian GAAP to IFRS is explained in Note 12.

The accounting policies have been applied consistently throughout the Company for purposes of these interim financial statements.



**4. SIGNIFICANT ACCOUNTING POLICIES (continued)**

a) Cash and Cash Equivalents

The Company considers all highly liquid instruments with a maturity of three months or less at the time of issuance to be cash equivalents. As at April 30, 2011, the Company's cash and cash equivalents consist of cash only.

The proceeds raised from the issuance of share capital may only be used to identify and evaluate assets or businesses for future investment and except as otherwise provided in CPC Policy, a maximum of the lesser of 30% of the gross proceeds realized and \$210,000 may be used for purposes other than evaluating business or assets. These restrictions apply until completion of a Qualifying Transaction by the Company as defined under the policies of the Exchange.

b) Short-term investments

Short-term investments are investments which are transitional or current in nature, with an original maturity greater than three months.

c) Business Combinations and goodwill

The acquisitions of businesses are accounted for using the acquisition method. The goodwill is measured at the acquisition date as the fair value of the consideration transferred including the recognized amount of any non-controlling interests in the acquiree, less the net recognized amount (generally fair value) of assets acquired and liabilities and contingent liabilities assumed (identifiable net assets) on the basis of fair value at the date of acquisition. When the excess is negative, a bargain purchase gain is recognized immediately in the income statement.

The consideration transferred is the aggregate of the fair values at the date of acquisition of the sum of the assets transferred, the liabilities incurred or assumed, and the equity instruments issued by the acquirer in exchange for control of the acquiree. Acquisition related costs are recognized in the income statement as incurred, unless they relate to issue of debt or equity securities.

d) Deferred Share Issuance Costs

The Company defers direct and incremental costs incurred in connection with the issuance of share capital pursuant to its Initial Public Offering as a non-current asset and charges the costs against share capital when the Initial Public Offering is completed or to operations when the Initial Public Offering is abandoned. In May 2010, the Company completed its initial public offering and all deferred finance charges have now been charged to share capital.

e) Earnings / Loss Per Share

Basic earnings (loss) per share are calculated using the weighted average number of common shares outstanding during the period. Diluted earnings (loss) per share are calculated using the treasury stock method. This method assumes that common shares are issued for the exercise of options, warrants and convertible securities and that the assumed proceeds from the exercise of options, warrants and convertible securities are used to purchase common shares at the average market price during the period. The difference between the number of shares assumed issued and the number of shares assumed purchased is then added to the basic weighted average number of shares outstanding to determine the fully diluted number of common shares outstanding. No exercise or conversion is assumed during the periods in which a net loss is incurred as the effect is anti-dilutive.

**4. SIGNIFICANT ACCOUNTING POLICIES (continued)**

f) Financial Assets

Financial assets at fair value through profit or loss ("FVTPL")

Financial assets at FVTPL are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management. Derivatives are also categorized as held for trading unless they are designed as effective hedges. Financial assets at FVTPL are initially recognized, and subsequently carried, at fair value, with changes recognized in profit or loss. Transaction costs are expensed.

Cash and cash equivalents and short-term investment are classified as financial assets held for trading and measured at fair value. Gains and losses related to periodical evaluations are recorded in net income.

g) Financial Liabilities

Financial liabilities are classified as either financial liabilities at FVTPL or other financial liabilities.

Other financial liabilities

Other financial liabilities are initially measured at fair value, net of transaction costs, and are subsequently measured at amortized cost using the effective interest method, with interest expense recognized on an effective yield basis.

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expenses over the corresponding period. The effective interest rate is the rate that exactly discounts estimated future cash payments over the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

The Company has classified accounts payable and accrued liabilities as other financial liabilities.

h) Impairment of financial assets:

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial assets, the estimated future cash flows of the investments have been negatively impacted. Evidence of impairment could include: significant financial difficulty of the issuer or counterparty; or default or delinquency in interest or principal payments; or the likelihood that the borrower will enter bankruptcy or financial reorganization.

The carrying amount of financial assets is reduced by any impairment loss directly for all financial assets.

**4. SIGNIFICANT ACCOUNTING POLICIES (continued)**

h) Impairment of financial assets (continued):

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 through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

i) Financial instruments recorded at fair value:

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

The Company does not have any derivative financial instruments.

j) Income Taxes

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

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the financial position reporting date applicable to the period of expected realization or settlement.

k) Share-based Payment Transactions

The Company recognizes stock-based compensation expense for the estimated fair value of equity-based instruments granted to both employees and non-employees. Compensation expense is recognized when the options are granted with the same amount being recorded as contributed surplus. The expense is determined using an option pricing model that takes into account the exercise price, the term of the option, the current share price, the expected volatility of the underlying shares, the expected dividend yield, and the risk free interest rate for the term of the option. If the options are exercised, contributed surplus will be reduced by the applicable amount. Stock-based compensation calculations have no effect in the Company's cash position.

l) Related Party Transactions

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, 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.

## **5. FUTURE ACCOUNTING PRONOUNCEMENTS**

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

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

## **6. SHARE CAPITAL**

(a) Authorized: Unlimited number of common shares without par value.

(b) Escrowed shares:

On January 18, 2010, the Company 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 Company's escrow agent, and are to be released in accordance with the TSX Venture Exchange CPC policy guidelines. According to Exchange policies, all seed shares issued at a price lower than the price of the Initial Public Offering (IPO) shares and all securities acquired by non-arm's length parties to the Company, 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.

All common shares acquired on exercise of stock options, granted to directors and officers prior to the completion of a Qualifying Transaction must also be deposited in escrow until the final exchange bulletin is issued.

## **7. SHARE-BASED PAYMENT TRANSACTIONS**

### *Stock Options*

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

**ANSUE CAPITAL CORP.**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**  
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**7. SHARE-BASED PAYMENT TRANSACTIONS (continued)**

Stock option transactions and the number of stock options outstanding and exercisable as at April 30, 2011 are summarized as follows:

	<b>Number of Options</b>	<b>Weighted Average Exercise Price</b>
<b>Balance, January 31, 2011 and April 30, 2011</b>	400,000	\$ 0.10

The Company recognizes stock-based compensation expense for the estimated fair value of stock options granted to both employees and non-employees. Accordingly, compensation costs are measured at the fair value at the grant date, and recognized over the expected vesting period.

The Company calculated stock based compensation in full as of January 31, 2011 on the stock options granted to its directors; as the stock options were fully vested at the time of the grant. The fair market value of stock options granted was estimated at \$0.08 per stock option by using Black-Scholes fair value option-pricing model and the following assumptions were used:

Risk-free interest rate	2.68 %
Expected life of stock options	5 years
Annualized volatility	98 %
Dividend rate	<u>0.00%</u>

The Black-Scholes valuation model was developed for use in estimating the fair value of traded options which are fully transferable and freely traded. In addition, option valuation models require the input of highly subjective assumptions including the expected stock price volatility. Because the Company's stock options have characteristics significantly different from those of traded options, and because changes in the subjective input assumptions can materially affect the fair value estimate, in management's opinion, the existing models do not necessarily provide a reliable single measure of the fair value of its stock options. Stock-based compensation calculations have no effect on the Company's cash position.

**ANSUE CAPITAL CORP.**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**  
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**7. SHARE BASED PAYMENT TRANSACTIONS (continued)**

*Agent Options*

Pursuant to its initial public offering, the Company granted the agent an option to purchase an aggregate of 200,000 common shares for a period of 24 months from the date of the grant. The agent's options have an exercise price of \$0.10 per share, vested immediately and expire May 21, 2012. On August 25, 2010 the agent exercised 60,000 stock options for proceeds to the Company of \$6,000.

The Company fully recognized \$11,379 fair value of these options as share issuance costs. The fair value of the options granted to the agent was estimated at the date of granting using the Black-Scholes option pricing model with the following assumptions: risk free interest rate of 1.80%, dividend rate of 0%, volatility factor of 109%, and a weighted average expected life of 2 years. The grant date fair value of agent's options granted during the period is \$0.06.

The following is a summary of the changes in the Company's outstanding and exercisable agent's stock options as at April 30, 2011:

	<b>Number of Options</b>	<b>Weighted Average Exercise Price</b>
<b>Balance, January 31, 2011 and April 30, 2011</b>	140,000	\$ 0.10

**8. RELATED PARTY TRANSACTIONS**

Balances and transactions with related parties not disclosed elsewhere in these financial statements are as follows:

- (a) For the period ended April 30, 2011, the Company paid a total of \$2,000 (January 31, 2011 - \$4,000) to a company owned by one of its directors for accounting and administrative services and the preparation of its financial reports.

## **9. FINANCIAL RISK MANAGEMENT**

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

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

- a. Level 1 – unadjusted quoted prices in active markets for identical assets or liabilities
- b. Level 2 – inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- c. Level 3 – inputs that are not based on observable market data.

The Company is exposed to varying degrees to a variety of financial instrument related risks. The Board approves and monitors the risk management processes, inclusive of counterparty limits, controlling and reporting structures. The type of risk exposure and the way in which such exposure is managed is provided as follows:

### *Liquidity Risk*

Liquidity risk is the risk that the Company will not be able to meet its financial obligations when they become due. The Company ensures, as far as reasonably possible, it will have sufficient capital in order to meet short-term business requirements, after taking into account cash flows from operations and the Company's holdings of cash and cash equivalents. The Company believes that these sources will be sufficient to cover the likely short-term cash requirements. The Company's cash and cash equivalents are currently invested in business accounts which are available on demand by the Company for its operations.

### *Interest Rate Risk*

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

### *Foreign Exchange Risk*

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

**9. FINANCIAL RISK MANAGEMENT (continued)**

*Credit Risk*

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

**10. CAPITAL MANAGEMENT**

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

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

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

There were no changes in the Company's approach to capital management during the period ended April 30, 2011.

**11. COMMITMENTS AND CONTINGENCIES**

The Company does not have any commitments or contingencies.



## **12. FIRST TIME ADOPTION OF IFRS**

### *Transition to IFRS*

The accounting policies set out in Note 4 have been applied in preparing the interim condensed financial statements for the three months ended April 30, 2011, the comparative information presented in these interim condensed financial statements for the year ended January 31, 2011 and in the preparation of an opening IFRS balance sheet at February 1, 2010; the Company's date of transition.

The application of IFRS 1 requires that comparative financial information be provided. As a result, the first date at which the Company has applied IFRS was February 1, 2010 (the "Transition Date"). IFRS provides for certain optional exemptions and certain mandatory exceptions for first time IFRS adopters.

### *Initial Elections Upon Adoption*

Set forth below are selected IFRS 1 applicable exemptions and exceptions applied in the conversion from Canadian GAAP to IFRS.

- Share-based payments

The Company elected to use the IFRS exemption whereby the liabilities for share-based payments that had vested or settled prior to January 1, 2010 were not required to be retrospectively restated.

### *Exemptions under IFRS 1*

The following mandatory exemption was applied in the conversion from Canadian GAAP to IFRS:

- Estimates

IFRS 1 prohibits use of hindsight to create or revise previous estimates. The estimates the Company previously made under Canadian GAAP have not been revised for application of IFRS.

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**12. FIRST TIME ADOPTION OF IFRS (continued)**

*Reconciliations of Canadian GAAP to IFRS*

Reconciliation of Equity as at February 1, 2010	Canadian GAAP	Total IFRS Adjustments	IFRS
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	\$ 2,312		\$ 2,312
Sales tax receivable	1,200		1,200
Short-term investment	70,000		70,000
	73,512		73,512
 DEFERRED FINANCE CHARGES	 24,500		 24,500
 <b>TOTAL ASSETS</b>	 <b>\$ 98,012</b>		 <b>\$98,012</b>
 <b>LIABILITIES</b>			
<b>Current liabilities</b>			
Accounts payable and accrued liabilities	\$ -		\$ -
 <b>SHAREHOLDERS' EQUITY</b>			
<b>Share Capital</b>	100,000		100,000
<b>Contributed Surplus</b>	-		-
<b>Deficit</b>	(1,988)		(1,988)
	98,012		98,012
 TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	 <b>\$ 98,012</b>		 <b>\$ 98,012</b>

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**12. FIRST TIME ADOPTION OF IFRS (continued)**

*Reconciliations of Canadian GAAP to IFRS (continued)*

<b>Reconciliation of Equity as at January 31, 2011</b>	<b>Canadian GAAP</b>	<b>Total IFRS Adjustments</b>	<b>IFRS</b>
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	\$ 21,780		\$ 21,780
Sales tax receivable	236		236
Short-term investment	176,204		176,204
	<u>198,220</u>		<u>198,220</u>
 DEFERRED FINANCE CHARGES	 -		 -
 <b>TOTAL ASSETS</b>	 <u>\$ 198,220</u>		 <u>\$198,220</u>
 <b>LIABILITIES</b>			
<b>Current liabilities</b>			
Accounts payable and accrued liabilities	\$ 471		\$ 471
 <b>SHAREHOLDERS' EQUITY</b>			
<b>Share Capital</b>	219,941		219,941
<b>Contributed Surplus</b>	37,820		37,820
<b>Deficit</b>	(60,012)		(60,012)
	<u>197,749</u>		<u>197,749</u>
 TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	 <u>\$ 198,220</u>		 <u>\$ 198,220</u>

**ANSUE CAPITAL CORP.**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**  
**APRIL 30, 2011**  
**(Unaudited)**

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**12. FIRST TIME ADOPTION OF IFRS (continued)**

*Reconciliations of Canadian GAAP to IFRS (continued)*

<b>Reconciliation of Equity as at April 30, 2010</b>	<b>Canadian GAAP</b>	<b>Total IFRS Adjustments</b>	<b>IFRS</b>
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	\$ 749		\$ 749
Sales tax receivable	1,400		1,400
Short-term investment	42,500		42,500
	<u>44,649</u>		<u>44,649</u>
 DEFERRED FINANCE CHARGES	 51,392		 51,392
 <b>TOTAL ASSETS</b>	 <b>\$ 96,041</b>		 <b>\$ 96,041</b>
 <b>LIABILITIES</b>			
<b>Current liabilities</b>			
Accounts payable and accrued liabilities	\$ -		\$ -
 <b>SHAREHOLDERS' EQUITY</b>			
<b>Share Capital</b>	100,000		100,000
<b>Contributed Surplus</b>			
<b>Deficit</b>	(3,959)		(3,959)
	<u>96,041</u>		<u>96,041</u>
 TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	 <b>\$ 96,041</b>		 <b>\$ 96,041</b>

**ANSUE CAPITAL CORP.**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**  
**APRIL 30, 2011**  
**(Unaudited)**

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**12. FIRST TIME ADOPTION OF IFRS (continued)**

*Reconciliations of Canadian GAAP to IFRS (continued)*

<b>Reconciliation of Comprehensive Income (Loss)</b>	<b>Notes</b>	<b>January 31, 2011</b>	<b>April 30, 2010</b>
<b>For the year to date period ended</b>		<b>\$</b>	<b>\$</b>
Comprehensive Income (Loss) under Canadian GAAP		(60,012)	(1,988)
Differences increasing (decreasing) reported net earnings:			
Expenditures		-	-
Finance Charges		-	-
Finance Revenue		-	-
<b>Comprehensive income under IFRS</b>		<b>(60,012)</b>	<b>(1,988)</b>

The Company has determined that the transition from Canadian GAAP to IFRS has resulted in very minor effects on the Company at this time, due to the nature of its business. No adjustments have been made for the periods represented above.