**ANSUE CAPITAL CORP.**
**FORM 51-102F1**
**MANAGEMENT DISCUSSION AND ANALYSIS**
**For The First Quarter Ended April 30, 2011**

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

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

This Management Discussion and Analysis is dated July 29, 2011.

**Description of Business**

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

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

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

## Performance Summary

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

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

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

On April 14, 2011, the Company signed a definitive agreement (the "Definitive Agreement") with Southern Andes which provides that the Company shall acquire (the "Acquisition") all of the issued and outstanding shares of Caracara Silver Inc. and thus indirectly all of the shares of Alpaca Exploraciones SAC, as well as all of the issued and outstanding shares of Solex del Peru SAC ("Solex"). As a result of the Acquisition, Ansue will acquire all of the silver assets of Southern Andes which comprise 24,600 hectares of concessions located approximately 200 kilometres north of Juliaca, Peru. Solex currently also owns certain uranium assets located in Peru. These assets do not form a part of the Acquisition and will be transferred out of Solex to Southern Andes on a non-cash basis. The Acquisition is an arm's length transaction and upon completion thereof it is anticipated that Ansue will be a Tier 2 Mining Issuer.

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

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

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

Subsequent to the end of the period, the Company closed its previously announced financing by issuing 14,242,501 subscription receipts ("Subscription Receipts"), raising gross proceeds of approximately $6,409,125, in connection with the proposed business combination involving Southern Andes Energy Inc.'s wholly-owned subsidiary; Caracara Silver Inc. Please refer to the "Subsequent Events" section of this MD&A for further details.

After giving effect to the Financing , it is anticipated that after completion of the Acquisition and the issuance of the first tranche of shares to Cybersonic, Southern Andes will own approximately 65.59% of the issued and outstanding shares of Ansue, placees under the Financing will own approximately 28.02% of the issued and outstanding shares of Ansue, Cybersonic will own approximately 3.72% of the issued and outstanding shares of Ansue and former shareholders of Ansue will own approximately 2.66% 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 $0.10 per share that expire on May 14, 2012, and an additional 400,000 stock options granted to directors and officers, that have an exercise price of $0.10 and that expire on June 2, 2015. Ansue has also agreed to issue an additional 300,000 common shares to Jescorp Capital Inc. in connection with sourcing the Acquisition for and on behalf of Ansue.

The Acquisition is conditional upon the receipt of all requisite and regulatory and third party consents, including without limitation, the consent of the TSX Venture Exchange, the receipt by Southern Andes of requisite shareholder approval, the completion by Ansue of the minimum portion of the Financing and Ansue having $150,000 in net-free available cash on completion of the Acquisition. On completion of the Acquisition, the board of directors of Ansue and management of Ansue will be comprised of nominees of Southern Andes and one nominee of Ansue who is currently anticipated to be Anne B. Chopra (reference is made to the March 2, 2011 press release for further details).

Subsequent to the end of the period, on May 19, 2011 the shareholders of Southern Andes approved the sale of all the issued and outstanding shares of Caracara Silver Inc. and indirectly all of the shares of Alpaca Exploraciones SAC as well as all of the issued and outstanding shares of Solex to Ansue.

On July 15, 2011 Ansue held a special and annual meeting (the "Meeting") of shareholders to approve various resolutions, including those related to the proposed qualifying transaction with Southern Andes. The record date for the Meeting was June 10, 2011. At the Meeting, the shareholders approved all resolutions presented, including the proposed name change, the share consolidation and the appointment of new directors upon completion of the Qualifying Transaction. Please refer to the "Subsequent Events" section of this MD&A for further details.

The parties are attempting to secure financing and preparing the documentation for submission to the regulatory authorities for approval. For further details concerning the Acquisition, further details of Southern Andes, management and board of directors of the resulting issuer, sponsorship of the Qualifying Transaction, termination and a description of significant conditions to closing, please refer to the Company's press releases dated March 2, 2011 and April 14, 2011 filed on www.sedar.com.

## Selected Annual Information

The following table provides a brief summary of the Company's financial operations for the last two fiscal years. This information has been presented in accordance with the International Financial Reporting Standards ("IFRS"). The reporting currency is the Canadian dollar. For more detailed information, reference the January 31, 2011 and 2010 audited financial statements.

| | Year Ended January 31, 2011 | Period Ended January 31, 2010 |
|---|---|---|
| | $ | $ |
| Interest income | 1,434 | - |
| Net income (loss) for the period | (58,024) | (1,988) |
| Basic and diluted earnings (loss) per share | (0.02) | (0.00) |
| Total assets | 198,220 | 98,012 |
| Total long term liabilities | - | - |
| Cash dividends | - | - |

## Summary of Quarterly Results

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

| | April 30, 2011 | January 31, 2011 | (1) October 31, 2010 | (1) July 31, 2010 | April 30, 2010 | Period from inception on December 3, 2009 to January 31, 2010 |
|---|---|---|---|---|---|---|
| | $ | $ | $ | $ | $ | $ |
| Total Revenue (interest income) | 517 | 556 | 505 | 317 | 56 | - |
| Net Profit (Loss) | (18,512) | (35,587) | (7,422) | (13,044) | (1,971) | (1,988) |
| | | | | | | |
| Basic and diluted (loss) per common share | (0.02) | (0.02) | (0.00) | (0.00) | (0.00) | (0.00) |

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

## Results of Operations

### Revenues

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

### Disclosure for Venture Issuers Without Significant Revenue

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

| | | Three Months Ended April 30, 2011 | Three Months Ended April 30, 2010 |
|---|---|---|---|
| Business evaluation costs | $ | - | - |
| General office expenses | $ | 175 | 1,050 |
| Professional fees | $ | 10,182 | 107 |
| Transfer agent and filing fees | $ | 8,672 | 870 |
| | **$** | **19,029** | **2,027** |

As at April 30, 2011 share issuance costs totaled $89,473, comprising of $18,890 in listing fees, a $20,000 commission and $10,000 as a corporate finance fee paid to the Company's agent in connection with the initial public offering, $22,304 in legal fees, $5,477 in audit fees correlating to the filing of the Company's prospectus and $1,423 in disbursements. Additionally, during the year ended January 31, 2011, the Company recognized $11,379 of stock- based compensation calculated on stock options granted to the Agent of its initial public offering, as share issuance costs. These expenses were incurred in relation to the preparation of the Company's prospectus for its initial public offering, listing of the Company's common shares on the TSX Venture Exchange and in connection with the initial public offering process.

### Operating Expenses

*Three Months Ended April 30, 2011*

Net loss recorded by the Company for the period ended April 30, 2011, was $18,512. Operating expenses consisted of $8,672 for transfer agent and SEDAR filing fees, $10,182 in professional fees associated with the audit of the January 31, 2011 financial statements and accounting and administrative services related to the preparation of the Company's interim financial report and $175 for general office expenses.

Interest income earned for the period ended April 30, 2011 was $517.

*Three Months Ended April 30, 2010*

Net loss recorded by the Company for the period ended April 30, 2010, was $1,971. Operating expenses consisted of $870 for transfer agent and SEDAR filing fees associated with filing the Company's preliminary prospectus, $107 in professional fees (legal) and $1,050 for general office expenses.

Interest income earned for the period ended April 30, 2010 was $56.

Operating expenses for the three months ended April 30, 2011 were greater as compared to the three months ended April 30, 2010 largely due to professional fees incurred in relation to the review and filing of the Company's January 31, 2011 financial statements and MD&A on SEDAR.

**Financing Activities**

During the period ended January 31, 2010 the Company issued 2,000,000 common shares to its directors at $0.05 per share for proceeds of $100,000. The 2,000,000 common shares are held in escrow, subject to TSX Venture Exchange policies and will be released over a period of three years from acceptance of the Company's Qualifying Transaction.

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

On May 31, 2011, subsequent to the end of the period, the Company closed its previously announced financing by issuing 14,242,501 subscription receipts ("Subscription Receipts"), raising gross proceeds of approximately $6,409,125, in connection with the proposed business combination involving Southern Andes Energy Inc.'s wholly-owned subsidiary; Caracara Silver Inc. Please refer to the "Subsequent Events" section of the MD&A for further details.

**Liquidity and Capital Resources**

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

At April 30, 2011, the Company had $182,285 in current assets and $3,048 in payables and accrued liabilities for a working capital position of $179,237 compared to a working capital position of $197,749 at January 31, 2011. The decrease in working capital of $18,512 was correlated to a decrease in cash and cash equivalent resources as compared to January 31, 2011, due to obligations the Company had at April 30, 2011 that were paid during the period.

Current assets at April 30, 2011 were represented by cash and cash equivalents of $1,000, a short-term investment balance of $179,065 and $2,220 as sales tax receivable. Total liabilities were comprised of accounts payable and accrued liabilities totaling $3,048.

**Three months ended April 30, 2011**

*Cash Flow From Operating Activities*

The Company recorded a net loss for the period ended April 30, 2011 of $18,512, which when adjusted by changes in accrued interest income and working capital items totaling $232, resulted in cash usage of $18,280 in operating activities.

**Three months ended April 30, 2010**

*Cash Flow From Operating Activities*

The Company recorded a net loss for the period ended April 30, 2011 of $1,971, which when adjusted for decrease in sales tax receivable of $200 resulted in cash usage of $2,171 in operating activities.

*Cash Flow From Financing Activities*

During the period ended April 30, 2010, the Company charged $26,892 to deferred finance charges incurred in connection with the issuance of share capital pursuant to the preparation of the Company's prospectus for its initial public offering, the listing application with the TSX Venture Exchange and in connection with the public offering process.

**Capital Stock**

The authorized capital of the Company consists of an unlimited number of common shares without par value. As at April 30, 2011 and January 31, 2011, 4,060,000 common shares were issued and outstanding.

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

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

**a) Escrow Shares**

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

As at April 30, 2011, there are 2,000,000 shares subject to the escrow provisions.

**b) Stock Options**

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

**c) Agent Options:**

Pursuant to its initial public offering, the Company granted the Agent an option to purchase an aggregate of 200,000 common shares for a period of 24 months from the date of the grant. The Agent's options have an exercise price of $0.10 per share, vested immediately and expire May 21, 2012. In August 2010, 60,000 agent's options were exercised for gross proceeds to the Company of $6,000, leaving a balance of 140,000 agent's options outstanding.

**Risks Related To Our Business**

The Company has a limited history of operation and has not yet entered into an agreement in principle to acquire or complete a Qualifying Transaction. The Company is currently evaluating opportunities and until such a time as it enters into an agreement to complete a Qualifying Transaction, there is no guarantee such a transaction will be completed. External financing will be required to fund the Company's activities primarily through the issuance of common shares.

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

- **Dilution:** There are a number of outstanding securities and agreements pursuant to which common shares of the Company may be issued in the future. This will result in further dilution to the Company's shareholders.

- **Revenues and Dividends:** The Company has no meaningful revenues and does not expect to have any meaningful revenues in the foreseeable future. In the event that the Company generates any meaningful revenues in the future, the Company intends to retain its earnings in order to finance further growth. Furthermore, the Company has not paid any dividends in the past and does not expect to pay any dividends in the future.

- **Disruption In Trading:** In the event the Company makes a public announcement of a proposed Qualifying Transaction, trading in the common shares of the Company will be halted and will remain for an indefinite period of time. Trading in the common shares of the Company may be halted at other times for other reasons, including failure by the Company to submit documents to the TSX Venture Exchange in the time periods required.

**Capital Management**

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

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

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

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

**Transactions With Related Parties**

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.

**Changes in Accounting Policies Including Initial Adoption**

Effective January 1, 2011 Canadian publicly listed entities were required to prepare their financial statements in accordance with IFRS. As a result, the first date at which the Company has applied IFRS was February 1, 2010 (the “Transition Date”). The interim condensed financial statements for the three months ended April 30, 2011 represent our first reporting period under IFRS. Full disclosure of the Company’s accounting policies in accordance with IFRS can be found in Notes 3 and 4 to those financial statements.

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

*Future Accounting Policies*

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

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

**Financial Risk Management**

*Fair value*

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

*Liquidity Risk*

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

*Interest Rate Risk*

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

*Foreign Exchange Risk*

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

*Credit Risk*

Credit risk is the risk of a loss in 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.

**Evaluation of Disclosure Controls and Policies**

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

The Company's management, under the supervision of, and with the participation of, the CEO and CFO has designed the Company's disclosure controls and procedures. As at April 30, 2011, the CEO and CFO evaluated the design and operation of the Company's disclosure controls and procedures. Based on that evaluation, the CEO and CFO concluded that the Company's disclosure controls and procedures were effective as at April 30, 2011.

**Evaluation of Internal Controls Over Financial Reporting**

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

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

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

As at April 30, 2011, the officers of the Company evaluated the design and implementation of the Company's internal control over financial reporting ("ICFR"). Based on this evaluation of the design and operating effectiveness of the Company's ICFR, the CEO and CFO concluded that the Company's ICFR was effective as at April 30, 2011.

## Subsequent Events

Subsequent to the end of the period, on May 19, 2011, Southern Andes held a special meeting of shareholders in order to request that its shareholders approve the disposition by Southern Andes of the shares of Caracara (and indirectly Alpaca Exploraciones SAC) and the shares of Solex del Peru SAC ("Solex") to Ansue Capital Corp pursuant to a qualifying transaction to be transacted with Ansue in accordance with the "capital pool company" rules of the TSX Venture Exchange. The record date for the special meeting was April 19, 2011. At the special meeting the shareholders of Southern Andes approved the sale of all the issued and outstanding shares of Caracara Silver Inc. and indirectly all of the shares of Alpaca Exploraciones SAC, as well as all of the issued and outstanding shares of Solex to Ansue pursuant to the qualifying transaction.

On May 31, 2011 the Company closed its previously announced financing (the "Offering") by issuing 14,242,501 subscription receipts ("Subscription Receipts"), raising gross proceeds of approximately $6,409,125, in connection with a proposed business combination involving Southern Andes Energy Inc.'s wholly-owned subsidiary; Caracara Silver Inc.

BayFront Capital Partners Ltd. ("BayFront") and Haywood Securities Inc. acted as brokers for the Offering. Upon the occurrence of the Release Event (as hereinafter defined), each Subscription Receipt will be automatically exercised without further action on the part of the holder thereof for one unit (a ''Unit'') of the Company. Each Unit will be comprised of one post-consolidated common share (each a ''Unit Share'') in the capital of the Company and one-half of one common share purchase warrant, on a post-consolidated basis (each whole warrant, a ''Warrant''). Each Warrant will entitle the holder thereof to acquire one additional post-consolidated common share in the capital of the Company (each a ''Warrant Share'') at a price of $0.60 until May 31, 2013 (the ''Expiry Date'') provided that, if after the date that is four months and a day from May 31, 2011, the weighted average closing price of the common shares of Ansue, as traded on the TSXV equals or exceeds $0.90 per common share, subject to adjustment, for any period of 20 consecutive trading days, the right to exercise the Warrants expires within 30 days after notice of such event is mailed to the warrantholder.

The TSX Venture Exchange has conditionally approved the listing of the common shares and warrants of the Company issuable upon exchange of the Subscription Receipts. Listing is subject to the Company fulfilling all of the requirements of the TSXV.

The gross proceeds from the Offering (the "Escrowed Proceeds") are being held in escrow in accordance with the provisions of a subscription receipt agreement (the "Subscription Receipt Agreement") entered into between the Company, BayFront and Computershare Trust Company of Canada. Upon satisfaction of the Escrow Release Conditions (as defined below) (the ''Release Event''), the Escrowed Proceeds, after deducting the agents' fee, will be released to the Company and the agents' fee will be released to BayFront, on its own behalf and on behalf of the other Agents (as defined below). In the event that the Release Event has not occurred on or before 5:00 pm (Toronto time) on August 28, 2011 (the "Escrow Deadline"), the Escrowed Proceeds together with any interest earned thereon will be automatically returned *pro rata* to each holder of Subscription Receipts and all outstanding Subscription Receipts will be cancelled. ''Escrow Release Conditions'' means (i) The receipt of all regulatory approvals required to complete the qualifying transaction whereby Ansue will purchase all of the issued and outstanding shares of Caracara Silver Inc. ("Caracara"), Alpaca Exploraciones SAC, as well as all of the issued and outstanding shares of Solex del Peru SAC from Southern Andes (the "Acquisition") (including without limitation the conditional approval of the TSXV or, if applicable, the Toronto Stock Exchange); (ii) Southern Andes and the Company having confirmed that all conditions under the definitive agreement in respect of the Acquisition have been satisfied; (iii) The Unit Shares of the Company to be issued upon exercise of the Subscription Receipts will, subject to requisite escrow requirements of regulatory authorities related to insiders of the Company, only be subject to the statutory hold period of four months plus one day; and (iv) the delivery of the release certificate to the Subscription Receipt Agent in accordance with the terms of the Subscription Receipt Agreement.

On July 15, 2011 Ansue held a special and annual meeting (the "Meeting") of shareholders to approve various resolutions, including those related to the proposed qualifying transaction with Southern Andes. The record date for the Meeting was June 10, 2011. At the Meeting, the shareholders approved all resolutions presented, including the proposed name change to Caracara Silver, Inc.; or such other name that the Directors of the Company deem appropriate and is approved by requisite regulatory authorities, a share consolidation on a three (pre-consolidation shares) for one (post-consolidation share) basis and the appointment of new directors upon completion of the Qualifying Transaction. For full particulars of the resolutions presented at the Meeting, please refer to the Management Information Circular filed on SEDAR June 16, 2011.

**Outlook**

Management of the Company has commenced the process of identifying potential acquisitions with a view to completing the Qualifying Transaction, and has entered into an agreement for such a particular transaction. An optimistic approach is being taken by Management that in time, the Company shall be able to be in a position to complete a Qualifying Transaction.

**Additional Information**

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